

# Comprehensive Annual Financial Report

FISCAL YEAR ENDED JUNE 30, 2020



PimaCountyCommunityCollegeDistrict





# **PimaCountyCommunityCollegeDistrict**

## **Comprehensive Annual Financial Report**

Fiscal Year Ended June 30, 2020

Prepared by

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

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# Introductory Section



PimaCountyCommunityCollegeDistrict





## **PimaCountyCommunityCollegeDistrict**

To the citizens of Pima County:

During the 2019-2020 academic year, Pima Community College continued to improve so that we offer the best opportunities for our students, employees, and community.

An institution's finances reflect its values, and this Comprehensive Annual Financial Report documents the College's focus on our North Star: student success, community engagement, and diversity.

As in years past, we fully embrace the Pima County Community College District Governing Board's emphasis on open admissions. Our Education and Facility Master Plans lay out comprehensive strategies through 2025. We are refining our processes to maximize student success and completion.

Of course 2020 has been a year like no other. We have chosen to respond to the pandemic with a re-energized emphasis on our students. In April 2020 we began to disburse to students our funds from the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act. The College received \$9.9 million in CARES Act funding. More than half of those funds were allocated directly to students in the form of emergency aid grants, with the remaining dollars creating the foundation for a portable computing equipment and Wi-Fi hotspots lending program, and covering the expenses for virtual test proctoring services.

Our Centers of Excellence, funded through the issuance in January 2019 of \$65 million in revenue bonds, continue to progress. Our Center in Cyber/Information Technology, at East Campus, went online in December. In January 2021, we expect to cut the ribbon on the Automotive Technology and Innovation Center, the first building in our Center of Excellence in Applied Technology at Downtown Campus. We plan to break ground on the Advanced Manufacturing Building at the Center in spring 2021.

Beyond facilities, the College is in the midst of a comprehensive, data-based curriculum review. Our goal is to create the most efficient academic pathways for students, whether they seek an affordable start to a bachelor's degree, or employment in an occupation that can withstand the coming era of rapid technological change.

This Report analyzes the College's finances and offers extensive information in a format that has earned the College awards for 28 consecutive years. We are very proud of these awards and work hard to win them. I would like to thank Executive Vice Chancellor Dr. David Bea and Finance and Business Services staff for their efforts in preparing this Report and the extensive supplemental financial information made publicly available on the College's website.

The College is committed to prudent stewardship of taxpayer dollars as we support our community through our Mission: "PCC is an open-admissions institution providing affordable, comprehensive educational opportunities that support student success and meet the diverse needs of its students and community."

Sincerely,

Lee D. Lambert, J.D.  
Chancellor



## **PimaCountyCommunityCollegeDistrict**

### District Office

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for Finance and Administration  
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December 17, 2020

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

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

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 beginning on page 17 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 CAFR 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 State of Arizona Office of the 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 CAFR.

### **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 (EMP) and Facilities Master Plan (FMP).

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 2020, the College was led by Lee D. Lambert, J.D., who has been Chancellor of the College since July 1, 2013.

## **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 on page 74.

### **Economic Condition**

Forecasts prepared by the Economic & Business Research Center at The University of Arizona's Eller College of Management indicate that overall Arizona is on pace to recover to pre-pandemic levels of economic activity in 2021. Employment bounced back at the end of the fiscal year 2020 and the job gains in May and June implies that Arizona had replaced 46.4 percent of the jobs lost from the February to April economic downturn. Retail sales which decreased by 0.5 percent in 2020 are projected to rebound with growth of 5.2 percent in 2021. The growth in the state's economy is anticipated to be a gradual recovery during the second half of 2020 and into 2021. During 2021, Pima County's economy is projected to improve in the areas of personal income, retail sales, and employment. In addition, statewide personal income is forecasted to increase by 2.9 percent and retail sales are forecasted to increase 8.7 percent in 2021.

Pima County's population is projected to increase by 1.1 percent from 2020 to 2021. Published forecasts show slight population gains of 0.9 percent projected for both 2022 and 2023. As of June 30, 2020, 494,119 persons were employed in Pima County. Employment trends showed that the Pima County unemployment rate of 9.9 percent was slightly lower than the state rate of 10.0 percent at June 30, 2020.

According to year over year data published June 2019 by the Tucson Association of Realtors, housing units closed sales decreased by 3.0 percent while the median sales price of units sold increased by 6.2 percent. However, the available homes for sales has decreased 46 percent as housing experts believe sellers remain reluctant to list their homes due to concerns over the pandemic.

Enrollment projections developed by the College's Strategy, Analytics and Research (STAR) indicated that enrollment growth was primarily dependent on unemployment rates in Pima County from the March prior to the relevant fall semester. Typically, College enrollment follows the characteristic behavior seen at community colleges across the nation where enrollment growth is primarily dependent on unemployment rates from the March prior to the relevant fall semester. 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. During the pandemic student enrollment has not followed patterns of the past. Although the unemployment rate has increased to 9.9 percent during the pandemic, enrollment has not followed suit and was down approximately 17 percent for the fall semester compared to a decrease of 4.3 percent during the summer semester. The enrollment downturn was consistent with peer institutions throughout the state and the College continues to monitor trends for future planning.

### **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 2020 included the continued expectation of minimal state appropriations, declining enrollment, expenditure limit constraints, and ongoing reorganization of the College. In an effort to right size the College, cost reduction strategies included campus and department consolidations that emphasized efficiencies and consistency, recruitment reviews, and a reduction in staffing through the elimination of vacant positions. Other strategies included continuing to minimize capital budget expenses by lease purchasing equipment and providing funding with revenue bonds for ongoing and future capital needs 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, and governance; and Internal Audit functions.

## **Major Program Initiatives**

### *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 nearly 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 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.

### *Accreditation and Compliance*

The College is fully accredited by the Higher Learning Commission and is assessed as not being at risk of being out of compliance with the Criteria for Accreditation and the Core Components. The College participates in the Higher Learning Commission's (HLC) Standard Pathway for reaffirmation of accreditation. Year 1 of PCC's Standard Pathway accreditation cycle began Sept. 1, 2015. As part of the normal ten-year Standard Pathway accreditation cycle, the next comprehensive evaluation visit is scheduled in Year 10 or fiscal year 2024 -25. Year 10 includes HLC action regarding reaffirmation of accreditation. Action on the Year 10 review will also determine the institution's future pathway eligibility.

Additional information and documents are available on the College website: <https://www.pima.edu/about-pima/accreditation/index.html>.

### *Strategic Planning*

Pima Community College's 2017-2021 Strategic Plan was approved by the Governing Board on May 10, 2017. It allocates resources to further the College's mission fulfillment; harmonizes operations, budgeting, student learning assessment, and other College processes; and provides flexibility and adaptability in response to rapid changes in politics, economics, demographics, and technology. The College's Executive Leadership Team provides active oversight of plan implementation, ensuring appropriate resource allocation and achievement of Key Performance Indicators to ensure progress and continued relevance to the College and its community. The plan provides institutional focus for the next four years for the period July 1, 2017 through June 30, 2021 and comprises:

- Institutional goal for 2030: Achieve 60 Pima County
- Strategic direction 1: Improve student success
- Strategic direction 2: Enrich the community through engagement
- Strategic direction 3: Cultivate institutional excellence through continuous improvement

The 2017-2021 Strategic Plan commits the College to the goal of increasing the percent of Pima County residents aged 25 and over who hold a post-secondary degree or certificate to 60 percent by 2030, a goal that the College has termed Achieve 60 Pima County. Since the majority of its students attend part time, the College may not immediately realize significant increases in student completion rates over the next four years. However, by adhering to the strategic directions of improving student success, enriching the community through engagement and cultivating institutional excellence through continuous improvement, the College will lay the foundation for improving student access and progress and thereby help it achieve this ambitious goal.

In parallel with the Institutional goal for 2030: Achieve 60 Pima County; Diversity, Equity and Inclusion Plan; and Strategic Enrollment Management Plan, the College identifies the following related priorities:

- Increase enrollment at the College
- Ensure equal access to services and support for all students, regardless of whether they enroll in credit classes, adult basic education, center for training and development and continuing education
- Close the achievement gap in Pima County
- Undertake activities that support progress across all strategic areas
- Implement training to support the success of the plan

Informed by the ten-year Education and Facilities Master Plans, the strategic plan's directions and goals in turn shape the College's Strategic Enrollment Management Plan, the Diversity, Equity and Inclusion Plan and annual operational plans, see Figure 1. These plans then help guide financial decisions at the College to ensure resources are appropriately allocated to support the plans' successful completion. Taken together, these different plans constitute the College's integrated approach to planning that focuses the institution's attention on its top priorities.

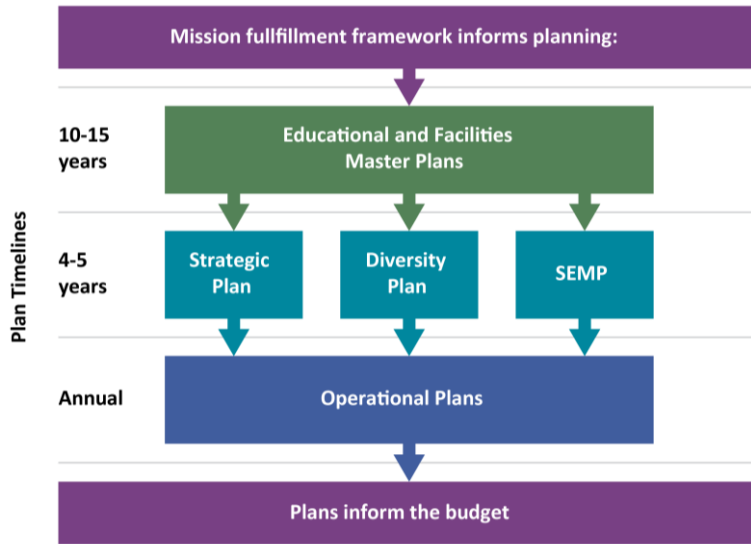


Figure 1: Overview of mission, planning and budget at Pima Community College

## Fiscal Integrity and Oversight

### Internal Controls

The College’s Finance and Business Services 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 estimate 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 State of Arizona, Office of the 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 Office of the 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 made up 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 Office of the Auditor General for the State of Arizona 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 ending June 30, 2020, 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 ending June 30, 2020.

### **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 its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. This was the twenty-eighth 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 CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. The College believes that the current CAFR continues to meet the Certificate of Achievement Program's requirements, and the CAFR 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 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 Office of 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

Daniel Soza  
Assistant Vice Chancellor  
for Finance

Agnes Maina  
Director of Financial Services



Government Finance Officers Association

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

Presented to

**Pima County  
Community College District  
Arizona**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

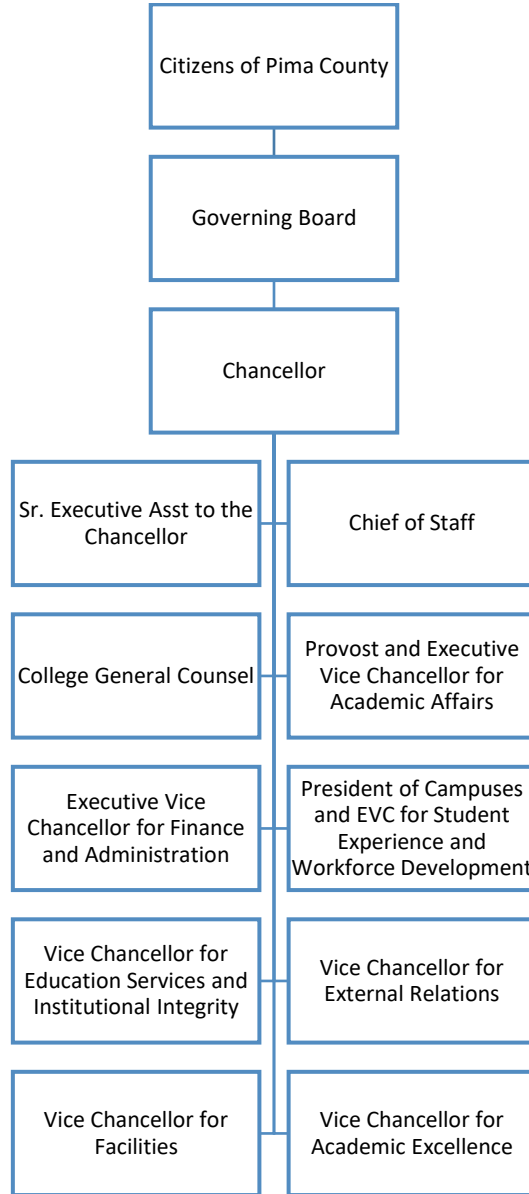
*Christopher P. Morill*

Executive Director/CEO

Organization Chart\*



# Pima County Community College District



\* As of September 2020



# PimaCountyCommunityCollegeDistrict

## Governing Board - 2020

Mark Hanna, Member, District 1  
Demion Clinco, Chair, District 2  
Maria D. Garcia, Member, District 3  
Meredith Hay, Ph.D., Secretary, District 4  
Luis L. Gonzales, Member, District 5

## District Executive Leadership Team

Lee D. Lambert, J.D., *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*  
Dr. David Doré, *President of Campuses and EVC for Student Experience and Workforce Development*  
Jeffrey Silvyn, J.D., *College General Counsel*  
Thomas A. Davis, *Chief of Staff*  
Dr. Bruce Moses, *Vice Chancellor for Education Services and Institutional Integrity*  
Lisa Brosky, *Vice Chancellor for External Relations*  
William R. Ward II, *Vice Chancellor for Facilities*  
Dr. Morgan Phillips, *Vice Chancellor for Academic Excellence*  
Jeffrey Lanuez, *Assistant Vice Chancellor for Human Resources, Acting*  
Dr. Raj Murthy, *Assistant Vice Chancellor for Information Technology*

\*as of September 2020

## College Vision, Mission and Values

### College Vision

PCC will be a premier community college committed to providing educational pathways that ensure student success and enhance the academic, economic and cultural vitality of our students and diverse community.

### College Mission

PCC is an open-admissions institution providing affordable, comprehensive educational opportunities that support student success and meet the diverse needs of its students and community.

### College Values

To guide Pima Community College, these values characterize the way in which we accomplish our mission:

- **People:** We value our students, employees and the community members we serve, by making decisions that address the needs of those populations.
- **Integrity:** We make a commitment to academic honesty, personal ethics and institutional decision-making that is based on sound moral principles, accountability, and transparency.
- **Excellence:** We embrace best practices and value high quality services and programs that lead to successful outcomes for our students through evidence-based continuous improvement practices.
- **Communication:** We are committed to sharing information with internal and external stakeholders in a transparent, timely and meaningful way that is open, honest, and civil.
- **Collaboration:** We encourage teamwork and cooperation within the College and with the community to support student success.
- **Open Admissions and Open Access:** We value open admissions and access to our programs and services for all who may benefit from them, regardless of where they are starting from or what their final goal may be.

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# Financial Section



PimaCountyCommunityCollegeDistrict





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 financial statements

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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### *Management's responsibility for the financial statements*

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

#### *Auditors' responsibility*

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

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

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

### **Opinions**

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

### **Other matters**

#### *Required supplementary information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 17 through 25, schedule of the District's proportionate share of the net pension/OPEB liability on page 51, and schedule of District pension/OPEB contributions on page 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other information*

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

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

### **Other reporting required by Government Auditing Standards**

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

Lindsey A. Perry, CPA, CFE  
Auditor General

December 17, 2020

## Management's Discussion and Analysis

### Introduction

This section of the College's Comprehensive Annual 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, 2020. Please read it in conjunction with the transmittal letter on page 2, the financial statements on page 28, and the accompanying notes, which begin on page 34.

### 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, 2020. 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 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 on 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.

The focus of this report is on the College's overall financial position, financial condition, and results of operations and cash flows for the fiscal year ended June 30, 2020. Comparative information from the previous fiscal year is shown in the condensed financial information so that readers may see where the College's financial performance may have changed.

### Financial Highlights and Analysis

#### *Statement of Net Position*

The College continued its transformation in 2020, to align its budget and strategic priorities in anticipation of future expenditure limitation declines, that requires a reduction in expenses to align with anticipated enrollment levels.

## Management's Discussion and Analysis

Because of these efforts, the College's overall financial position continued to improve in fiscal year 2020 with a total net position increase of \$35.1 million or 29.6 percent, from \$118.8 million to \$154.0 million. Restricted net position increased from \$29.4 million to \$47.6 million. This was primarily due to \$1.8 million reserved for future debt payments, \$23.9 million restricted for future capital projects, including unspent Proposition 301 proceeds, and unspent capital appropriations for the Aviation project. The unrestricted net position increased \$17.0 million because of tax revenue collections, improved operations, and a decrease in net pension expense.

Total assets represent what the College owns and are measured in current or fair value, except for capital assets, which are recorded at historical cost less the applicable accumulated depreciation. During fiscal year 2020, total assets increased 8.6 percent from \$323.7 million to \$351.4 million. The increase was primarily due to an increase in long-term investments of \$33.2 million due to improved cash management practices and favorable market conditions. This was offset by a decrease in cash and investments held by Trustee as the College spent approximately \$8.7 million in construction.

Total liabilities represent what the College owes or has collected from others prior to providing services. 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, and 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 majority of College's long-term liabilities are related to pension at 52.7 percent and revenue bonds at 30.6 percent of total liabilities. The long-term liabilities decrease of \$9.7 million was attributable to increases in compensated absences of \$1.0 million and capital leases of \$0.4 million, offset by a decrease in bonds payable of \$2.5 million and in net pension and other postemployment benefits of \$8.6 million. The decrease in the net pension and other postemployment benefits (OPEB) were 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 on page 41.



Condensed Financial Information – Primary Government  
**Summarized Schedule of Assets, Liabilities and Net Position**

	<u>As of</u> <u>June 30, 2020</u>	<u>As of</u> <u>June 30, 2019</u>	<u>% Change</u>
<b>Assets</b>			
Current Assets	\$ 93,473,885	\$ 93,974,842	-0.5%
Noncurrent Assets – Restricted	58,692,922	67,445,623	-13.0%
Capital Assets, net	101,541,991	97,795,455	3.8%
Other Noncurrent Assets	97,691,844	64,480,539	51.5%
<b>Total Assets</b>	<b>351,400,642</b>	<b>323,696,459</b>	<b>8.6%</b>
<b>Deferred Outflows of Resources</b>			
Deferred Outflows Related to Pensions and Other Postemployment Benefits	12,267,121	15,677,808	-21.8%
<b>Total Deferred Outflows of Resources</b>	<b>12,267,121</b>	<b>15,677,808</b>	<b>-21.8%</b>
<b>Liabilities</b>			
Other Liabilities	25,533,267	24,923,814	2.4%
Long-term Liabilities			
Compensated Absences	4,406,429	3,390,913	29.9%
Capital Leases Payable	2,204,993	1,775,660	24.2%
Bonds Payable	59,010,173	61,499,853	-4.0%
Net Pension and Other Postemployment Benefits Liability	101,428,845	110,045,452	-7.8%
<b>Total Liabilities</b>	<b>192,583,707</b>	<b>201,635,692</b>	<b>-4.5%</b>
<b>Deferred Inflows of Resources</b>			
Deferred Inflows Related to Pensions and Other Postemployment Benefits	17,090,497	18,888,845	-9.5%
<b>Total Deferred Inflows of Resources</b>	<b>17,090,497</b>	<b>18,888,845</b>	<b>-9.5%</b>
<b>Net Position</b>			
Net Investment in Capital Assets	92,788,602	92,872,863	-0.1%
Restricted Net Position	47,633,485	29,435,074	61.8%
Unrestricted Net Position (Deficit)	13,571,472	(3,458,207)	492.4%
<b>Total Net Position</b>	<b>\$ 153,993,559</b>	<b>\$ 118,849,730</b>	<b>29.6%</b>

**Summarized Schedule of Revenues, Expenses and Changes in Net Position**

	<u>For the year</u> <u>ended</u> <u>June 30, 2020</u>	<u>For the year</u> <u>ended</u> <u>June 30, 2019</u>	<u>% Change</u>
<b>Operating Revenues</b>			
Tuition and Fees (net of allowances)	\$ 29,095,520	\$ 27,441,078	6.0%
Contracts	2,853,094	3,690,885	-22.7%
Commissions and Rents	621,796	1,137,559	-45.3%
Other Operating Revenues	965,443	1,226,272	-21.3%
<b>Total Operating Revenues</b>	<b>33,535,853</b>	<b>33,495,794</b>	<b>0.1%</b>
<b>Total Operating Expenses</b>	<b>191,944,561</b>	<b>167,712,000</b>	<b>14.4%</b>
<b>Operating Loss</b>	<b>(158,408,708)</b>	<b>(134,216,206)</b>	<b>18.0%</b>
<b>Nonoperating Revenues (Expenses)</b>			
Property Taxes	120,192,760	116,162,277	3.5%
State Appropriations	595,000	0	100.0%
Federal Grants	47,070,759	40,423,631	16.4%
State and Local Grants	1,141,525	1,575,675	-27.6%
Investment Income	6,293,040	4,305,456	46.2%
Other Nonoperating Revenues	3,170,659	2,965,991	6.9%
Interest on Capital Asset Related Debt	(2,013,973)	(883,313)	128.0%
Gain on Capital Asset Disposal	2,096,347	94,706	2113.5%
<b>Net Nonoperating Revenues</b>	<b>178,546,117</b>	<b>164,644,423</b>	<b>8.4%</b>
<b>Income before Capital Gifts and Grants</b>	<b>20,137,409</b>	<b>30,428,217</b>	<b>-33.8%</b>
Capital Appropriations	15,000,000	0	100.0%
Capital Gifts and Grants	6,420	12,574	-48.9%
<b>Increase in Net Position</b>	<b>35,143,829</b>	<b>30,440,791</b>	<b>15.4%</b>
<b>Net Position, beginning of year</b>	<b>118,849,730</b>	<b>88,408,939</b>	<b>34.4%</b>
<b>Net Position, end of year</b>	<b>\$ 153,993,559</b>	<b>\$ 118,849,730</b>	<b>29.6%</b>

### *Statement of Revenues, Expenses and Changes in Net Position*

The College adopted the following resolutions during the year fiscal year to realign budgeting and strategic priorities:

1. Increased tuition by \$2.00 per credit hour in-state resident rate from \$82.50 to \$84.50
2. Reduced administrator, staff, and faculty positions and associated budgeted expenses through strategic reorganizations, holding positions vacant, and position eliminations.
3. Increased property tax levy by 2.0 percent.

Due to these efforts, total revenues increased by \$29.6 million, while total expenses increased by \$24.9 million. This contributed in a net position increase of \$35.1 million or 29.6 percent compared to the previous year.

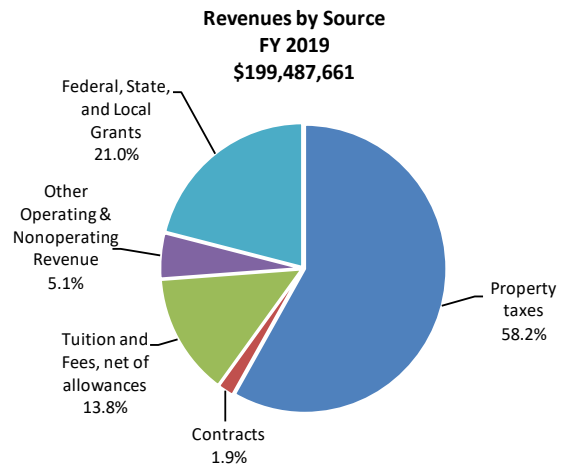
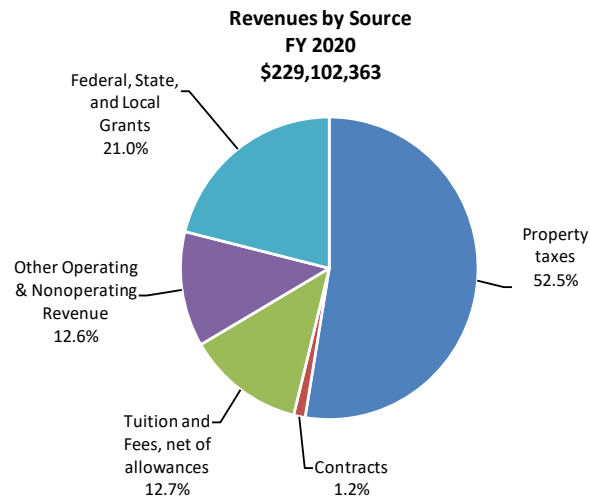
The College's operating revenues consist of tuition and fees, contracts, and other income directly attributable to the day-to-day business activities of the College. Operating revenues are earned in exchange for providing goods and services and are generally consistent over time. During the fiscal year, the College continued working with employers to develop programs and facilities that meet current and anticipated workforce needs. As a result, total operating revenues were mainly flat and increased by \$0.04 million or 0.1 percent compared to the prior year. Net tuition increased \$1.7 million from \$27.4 to \$29.1 million due to a combination of declining enrollment offset by the \$2.00 increase in tuition rate per credit hour. The increase was offset by a \$0.8 million decrease in contract revenue earned from instruction contracts with various agencies and employers. 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 \$13.9 million or 8.4 percent. Specifically, property tax revenue increased \$4.0 million from \$116.2 million to \$120.2 million due to new properties added to the tax roll and a 2 percent increase in the College's primary property tax levy. Investment income increased \$2.0 million or 46.2 percent due to a favorable investment market and improved cash management processes. Federal grant revenue increased \$6.6 million, or 16.4 percent, mainly due to CARES Act funding received through the Department of Education to provide Higher Education Emergency Relief Funds to students. The College's received an allocation of \$9.9 million of which about \$6 million was distributed directly to students and the remaining federal revenues were used to purchase over 2,000 loaner laptops and tablet devices, set up 250 hotspots for students, and acquire other information technology equipment and software to enable students to participate in virtual classes.

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 functions. During the latter portion of the fiscal year, the College closed its facilities and moved to virtual operations for students and employees due to the ongoing pandemic. The College also halted all domestic and international travel for students and staff. As a result, travel costs decreased 44.3 percent compared to the previous year and supplies and materials decreased 53.3 percent as compared to the previous year. However, operating expenses overall increased by \$24.2 million, or 14.4 percent. Specifically, personnel expenses increased \$8.0 million, or 7.5 percent. The increase included the net effect of a 2.5 percent salary increase approved by the Governing Board in the prior year and an increase in health care costs. There was also an increase in contractual services of \$17.4 million or 91.2 percent due to an increase in software and licensing agreement costs, cleaning and decontamination costs, and ongoing construction and refurbishing costs. Scholarship expenses also increased 26.4 percent or \$4.2 million as the College provided additional resources to students.

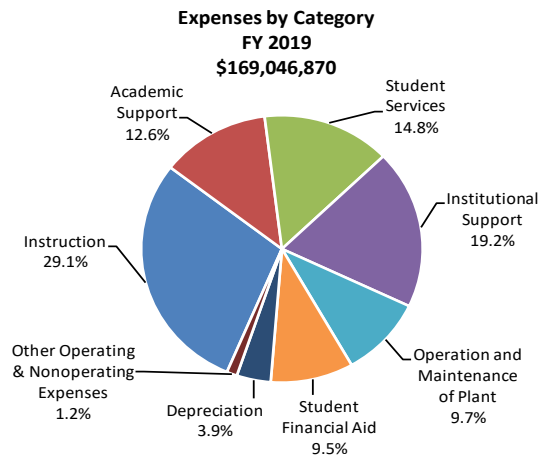
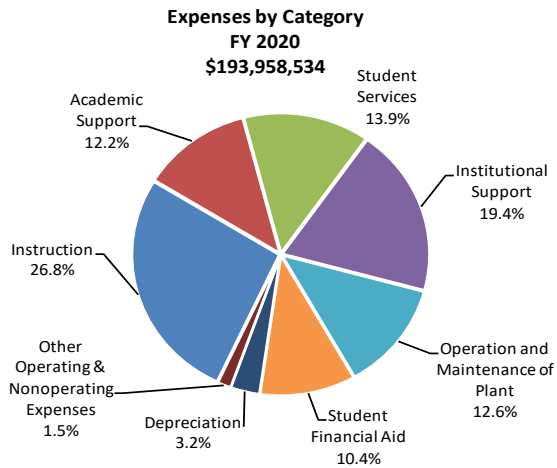
**Revenues by Source**

	FY 2020	FY 2019	\$ Change	% Change
<b>Operating Revenues</b>				
Tuition and Fees (net of allowances)	\$ 29,095,520	\$ 27,441,078	\$ 1,654,442	6.0%
Contracts	2,853,094	3,690,885	(837,791)	-22.7%
Commissions and Rents	621,796	1,137,559	(515,763)	-45.3%
Other Operating Revenues	965,443	1,226,272	(260,829)	-21.3%
<b>Total Operating Revenues</b>	<b>33,535,853</b>	<b>33,495,794</b>	<b>40,059</b>	<b>0.1%</b>
<b>Nonoperating Revenues</b>				
Property Taxes	120,192,760	116,162,277	4,030,483	3.5%
State Appropriations	595,000	0	595,000	100.0%
Federal Grants	47,070,759	40,423,631	6,647,128	16.4%
State and Local Grants	1,141,525	1,575,675	(434,150)	-27.6%
Share of State Sales Tax	2,834,744	2,651,288	183,456	6.9%
Gifts	311,395	766,260	(454,865)	-59.4%
Investment Income	6,293,040	4,305,456	1,987,584	46.2%
Other Nonoperating Revenues	24,520	0	24,520	100.0%
Gain on Capital Asset Disposal	2,096,347	94,706	2,001,641	2113.5%
<b>Total Nonoperating Revenues</b>	<b>180,560,090</b>	<b>165,979,293</b>	<b>14,580,797</b>	<b>8.8%</b>
Capital Appropriations	15,000,000	0	15,000,000	100.0%
Capital Gifts and Grants	6,420	12,574	(6,154)	-48.9%
<b>Total Revenues</b>	<b>\$ 229,102,363</b>	<b>\$ 199,487,661</b>	<b>\$ 29,614,702</b>	<b>14.8%</b>



**Expenses by Category**

	FY 2020	FY 2019	\$ Change	% Change
<b>Operating Expenses</b>				
<b>Educational and General</b>				
Instruction	\$ 51,995,932	\$ 49,107,804	\$ 2,888,128	5.9%
Academic Support	23,613,165	21,283,643	2,329,522	10.9%
Student Services	26,918,295	24,979,942	1,938,353	7.8%
Institutional Support	37,608,384	32,503,926	5,104,458	15.7%
Operation and Maintenance of Plant	24,419,277	16,432,731	7,986,546	48.6%
Student Financial Aid	20,344,895	16,095,595	4,249,300	26.4%
Auxiliary Enterprises	857,520	681,532	175,988	25.8%
Depreciation	6,187,093	6,626,827	(439,734)	-6.6%
<b>Total Operating Expenses</b>	<b>191,944,561</b>	<b>167,712,000</b>	<b>24,232,561</b>	<b>14.4%</b>
<b>Nonoperating Expenses</b>				
Other Nonoperating Expenses	0	451,557	(451,557)	-100.0%
Interest on Capital Asset Related Debt	2,013,973	883,313	1,130,660	128.0%
<b>Total Nonoperating Expenses</b>	<b>2,013,973</b>	<b>1,334,870</b>	<b>679,103</b>	<b>50.9%</b>
<b>Total Expenses</b>	<b>\$ 193,958,534</b>	<b>\$ 169,046,870</b>	<b>\$ 24,911,664</b>	<b>14.7%</b>



## Capital Assets

Total net capital assets increased by \$3.7 million, to \$101.5 million, a 3.8 percent increase from the prior year. This increase is primarily due to increases in construction in progress, library books, and equipment of \$14.0 million that was offset by decreases in buildings and equipment of \$9.6 million and depreciation expenses of \$6.2 million as detailed below and on Note 3 to the basic financial statements, on page 39.

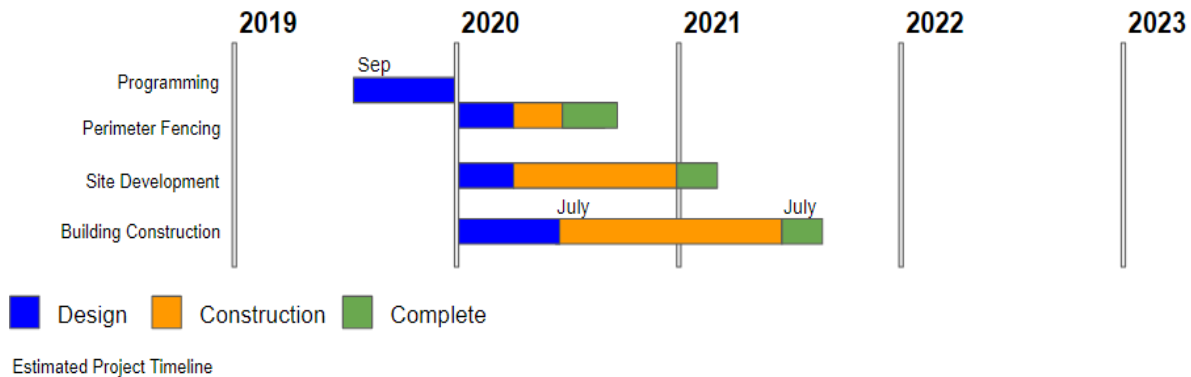
During fiscal year 2020, work continued on capital projects related to the Governing Board’s approved Educational Master Plan (EMP) and Facilities Master Plan (FMP). These strategic investments will provide premier educational facilities to prepare students for future success in their fields of study and in the workforce. However, as a result of the pandemic the College has experienced a number of unforeseen expenses and changes to pedagogy. Although there are no changes in the project’s scope, the College will be reviewing enrollment projections and face-to-face learning requirements to determine the future impact on the facilities footprint.

### Aviation Technology Center

During fiscal year 2020, the College started the Aviation Center expansion and design, which is funded through a State capital appropriation of \$15 million. The Arizona Legislature appropriation was the first State funding to the College since 2015 and is an acknowledgement of the College’s capacity to offer technology driven training programs that benefit the community. The center’s expansion will nearly double the facility size and dramatically reduce or eliminate the current one-year wait time for students to get into the aviation program. The expansion is expected to provide more graduates to fill high-quality jobs while enhancing the State’s goals of attracting business in the aviation, aerospace, and defense sectors. The new center will include a new hangar, classrooms, and offices.

### Construction Timeline

#### Aviation Technology Center



### Downtown Campus - Applied Technology

The College continued its expansion of the Downtown Campus through the development of the new Center of Excellence in Applied Technology. The Applied Technology Center will have three buildings and include a manufacturing floor, maker space, automotive and diesel technology labs, and computer-aided design and robotics labs. The Center will allow the College to expand critical programs in manufacturing, welding, and automotive technology and will transform the campus and surrounding neighborhood. The College expects to complete the Automotive Technology and Innovation Center construction by January 2021. The Advanced Manufacturing building construction will begin in September 2020. The Science and Technology Building Renovations and the schematic design was completed during the fiscal year.

**West Campus - Allied Health/Science**

The College has contracted with architectural firm BWS Architects to provide an assessment of the existing West Campus nursing and science labs and to complete a space programming study. BWS has designed the Science Lab renovations. The first phase included installing modular classrooms on the West Campus sites where Science lab instruction will take place during construction. Construction is anticipated to start by December 2020.

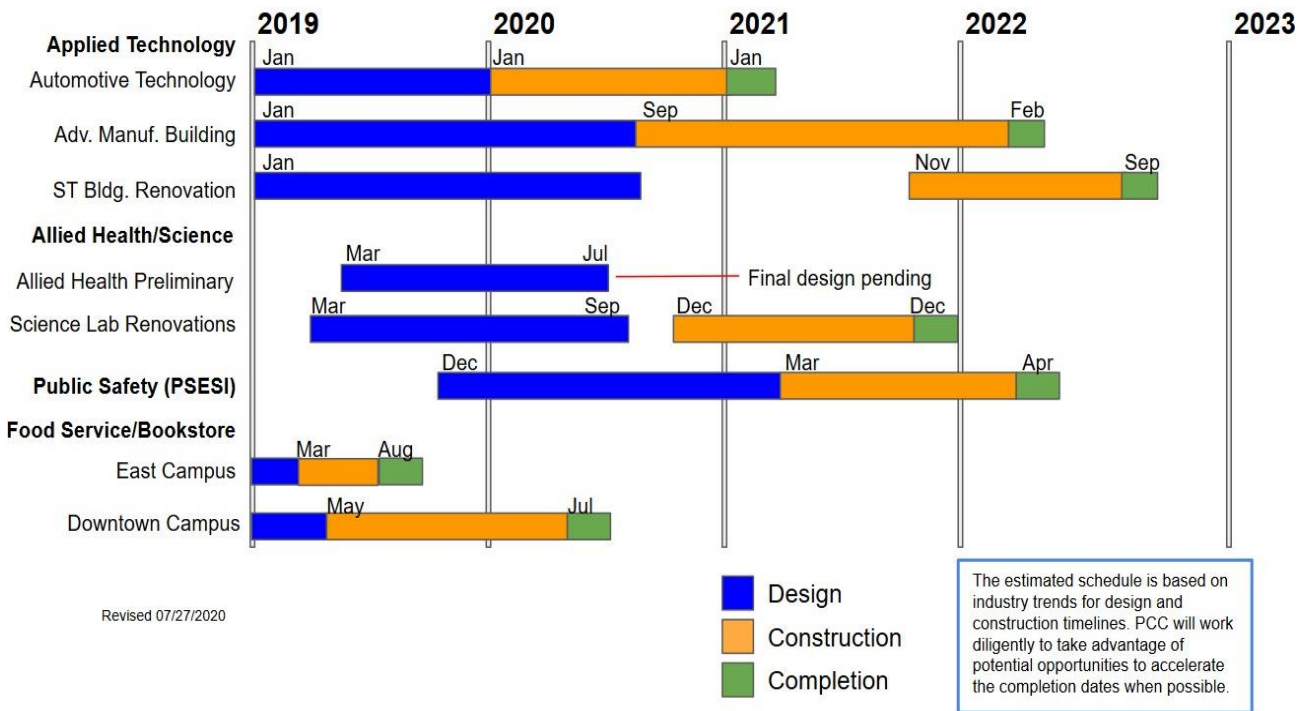
**East Campus and 29th Street Coalition Center - Public Safety and Emergency Services Institute**

The College contracted with architectural firm SWAIM to provide an assessment of the existing East Campus and 29th Street Coalition Center public safety and emergency services programs. SWAIM will also complete a space programming study. This project was anticipated to be designed in fiscal year 2020 - 2021; however, the College is currently evaluating its options for this program.

**Food Service and Bookstores**

The College has contracted with Follett to provide food service, vending, and bookstore management across the District. Based on input from students, the existing Follett-managed spaces have been redesigned and will be consolidated at each campus. All work on the East Campus was completed, the Downtown Campus construction is nearing completion, and design options for the Northwest Campus have been completed.

**Construction Timeline**



In addition, the College has completed major improvements in safety and security and completed maintenance projects, including roofing and paving. The College continues significant energy and water conservation work across all existing locations, including large photovoltaic solar energy generating installations. These deferred maintenance projects are funded through capital reserves and capital leases.

During the fiscal year, the College sold the Community Campus located near St. Mary’s Road and Interstate 10. The facility originally opened in January 1997 and provided both credit and non-credit courses. The wide range of courses offered at this campus were relocated to other campuses. Specifically, Workforce and

Business development programs moved to the Downtown Campus and the Center for Learning Technology, which develops and maintains courses for Pima Online and the distance education program, moved to the West Campus.

### **Debt Administration**

The College had outstanding long-term debt of bonds payable of \$61.5 million and capital leases payable of \$3.0 million. Fitch Ratings and Moody's Investors Service, two of the nation's largest credit rating agencies, returned excellent ratings for the College revenue bonds and Center of Excellence projects. Fitch assigned the College a default rating of AA and the revenue bonds at AA-, both with a stable outlook. Moody's assigned the College an Aa3 with a stable outlook. Note 4 to the basic financial statements beginning on page 39 shows additional detail on long-term liabilities.

### **Economic Outlook**

During the November 2020 election, voters approved a ballot initiative that allows the College to permanently increase its base expenditure limit adjustment from the 1979-80 base expenditure limitation by \$11.5 million beginning in FY 2021-22. The College will utilize the additional expenditure authority for budgetary purposes such as developing programs, purchasing equipment, and hiring personnel necessary to deliver educational services to meet student career and local employer work force needs. Specifically, the College can expand its 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, helping the community to have a better trained workforce to attract high-paying jobs.

Due to the COVID -19 pandemic, enrollment of full-time student equivalents (FTSE) for the fall 2020 term was about 15 percent less than the FTSE reported in the previous fiscal year. Historically, community colleges see enrollment increases during times of high unemployment. However, that trend has not occurred and at the time of writing, estimated FTSE is expected to decline compared to prior year. Accordingly, the College continues to monitor these impacts and reduce expenses to align with anticipated enrollment levels.

Information published by the Economic & Business Research Center at The University of Arizona's Eller College of Management states that overall Arizona is on pace to recover to pre-pandemic level of economic activity in 2021. Employment improved at the end of the fiscal year 2020 and the job gains implies that Arizona had replaced 46.4 percent of the jobs lost from the February to April economic downturn. The growth in the state's economy is anticipated to be a gradual recovery during the second half of 2020 and into 2021. "The long-run outlook 30-year forecast for the state calls for job, income, and sales growth to gradually decelerate, reflecting slowing population gains due to the ageing of the baby boomer generation. Even so, Arizona continues to far outpace growth at a national level. Innovation will be a main driver and it will depend in part on investments in human capital, primarily education to help eliminate income gaps.

### **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 Comprehensive Annual 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  
As of June 30, 2020**

**Assets**

Current Assets

Cash and Cash Equivalents	\$ 61,463,200
Short-term Investments	15,171,940
Receivables	
Property Taxes (less allowance of \$1,119,940)	4,182,917
Accounts (less allowance of \$1,283,370)	3,618,329
Government Grants and Contracts	4,809,809
Other (less allowance of \$129,373)	2,342,957
Inventories	144,541
Prepaid Expenses	1,740,192
<b>Total Current Assets</b>	<b>93,473,885</b>

Noncurrent Assets

Restricted Cash and Cash Equivalents	263,192
Restricted Cash and Investments Held by Trustee	58,429,730
Other Long-term Investments	97,331,803
Net Other Postemployment Benefits Asset	360,041
Capital Assets	
Land and Improvements	15,247,506
Construction in Progress	16,080,909
Buildings and Improvements (net of depreciation)	61,702,557
Equipment (net of depreciation)	5,996,798
Leasehold Improvements (net of depreciation)	958,254
Library Books (net of depreciation)	1,555,967
<b>Total Noncurrent Assets</b>	<b>257,926,757</b>

**Total Assets**

**351,400,642**

**Deferred Outflows of Resources**

Deferred Outflows Related to Pensions and Other Postemployment Benefits	12,267,121
<b>Total Deferred Outflows of Resources</b>	<b>12,267,121</b>

**Liabilities**

Current Liabilities

Accrued Payroll and Employee Benefits	4,912,992
Accounts Payable and Accrued Liabilities	9,763,480
Deposits Held in Custody for Others	289,271
Unearned Revenue	2,894,445
Current Portion of Compensated Absences Payable	4,436,364
Current Portion of Capital Leases Payable	747,034
Current Portion of Bonds Payable	2,489,681
<b>Total Current Liabilities</b>	<b>25,533,267</b>

Noncurrent Liabilities

Long-term Liabilities	
Compensated Absences Payable	4,406,429
Capital Leases Payable	2,204,993
Bonds Payable	59,010,173
Net Pension and Other Postemployment Benefits Liability	101,428,845
<b>Total Noncurrent Liabilities</b>	<b>167,050,440</b>

**Total Liabilities**

**192,583,707**

**Deferred Inflows of Resources**

Deferred Inflows Related to Pensions and Other Postemployment Benefits	17,090,497
<b>Total Deferred Inflows of Resources</b>	<b>17,090,497</b>

**Net Position**

Net Investment in Capital Assets	92,788,602
Restricted for:	
Expendable:	
Capital Projects	23,942,460
Debt Service	1,783,078
Grants and Contracts	21,907,947
Unrestricted	13,571,472
<b>Total Net Position</b>	<b>\$ 153,993,559</b>

*See accompanying notes to financial statements*

**Statement of Financial Position – Component Unit  
As of June 30, 2020**

	<b>Pima Community College Foundation, Inc.</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 846,526
Prepaid expenses and other current assets	40,583
<b>Total current assets</b>	<b>887,109</b>
Investments	6,893,710
Property and equipment, net	10,594
<b>Total assets</b>	<b>\$ 7,791,413</b>
 <b>Liabilities and Net Assets</b>	
Accounts payable and accrued expenses	\$ 154,104
Deferred revenue	65,423
Note payable-Paycheck Protection Program	41,534
<b>Total current liabilities</b>	<b>261,061</b>
<b>Total liabilities</b>	<b>261,061</b>
 <b>Net assets</b>	
Without donor restrictions	470,303
With donor restrictions	
Specified purpose	1,510,438
Permanent endowment	5,549,611
<b>Total net assets</b>	<b>7,530,352</b>
<b>Total liabilities and net assets</b>	<b>\$ 7,791,413</b>

*See accompanying notes to financial statements*

**Statement of Revenues, Expenses and Changes in Net Position – Primary Government  
For the Year Ended June 30, 2020**

**Operating Revenues**

Tuition and Fees (net of scholarship allowances of \$15,959,387)	\$ 29,095,520
Contracts	2,853,094
Commissions and Rents	621,796
Other Operating Revenues	965,443
<b>Total Operating Revenues</b>	<b><u>33,535,853</u></b>

**Operating Expenses**

Educational and General	
Instruction	51,995,932
Academic Support	23,613,165
Student Services	26,918,295
Institutional Support	37,608,384
Operation and Maintenance of Plant	24,419,277
Student Financial Aid	20,344,895
Auxiliary Enterprises	857,520
Depreciation	6,187,093
<b>Total Operating Expenses</b>	<b><u>191,944,561</u></b>
<b>Operating Loss</b>	<b><u>(158,408,708)</u></b>

**Nonoperating Revenues (Expenses)**

Property Taxes	120,192,760
State Appropriations	595,000
Federal Grants	47,070,759
State and Local Grants	1,141,525
Share of State Sales Tax	2,834,744
Gifts	311,395
Investment Income	6,293,040
Other Nonoperating Revenues	24,520
Interest on Capital Asset Related Debt	(2,013,973)
Gain on Capital Asset Disposal	2,096,347
<b>Net Nonoperating Revenues</b>	<b><u>178,546,117</u></b>

Income Before Other Revenues, Expenses, Gains, or Losses	20,137,409
Capital Appropriations	15,000,000
Capital Gifts and Grants	6,420
<b>Increase in Net Position</b>	<b><u>35,143,829</u></b>

**Net Position**

Net Position, June 30, 2019	<u>118,849,730</u>
<b>Net Position, June 30, 2020</b>	<b><u>\$ 153,993,559</u></b>

*See accompanying notes to financial statements*

**Statement of Activities – Component Unit  
For the Year Ended June 30, 2020**

**Pima Community College Foundation, Inc.**

	Without donor restrictions	With Donor Restrictions		Total
		Purpose Restrictions	Permanent Endowment	
<b>Revenues and Support</b>				
Contributions	\$ 21,534	\$ 477,578	\$ 130,154	\$ 629,266
Service agreement revenue	622,280			622,280
In-kind contributions	21,500			21,500
Investment income (loss), net	25,150	(5,894)		19,256
Other income	158			158
Special events, net		4,351		4,351
Net assets released from restrictions and transfers	549,043	115,164	(664,207)	-
<b>Total revenues and support:</b>	<b>\$ 1,239,665</b>	<b>\$ 591,199</b>	<b>\$ (534,053)</b>	<b>\$ 1,296,811</b>
<b>Expenses</b>				
Program Expenses	\$ 859,235			\$ 859,235
Management and general	328,984			328,984
Fundraising	91,405			91,405
<b>Total expenses</b>	<b>\$ 1,279,624</b>			<b>\$ 1,279,624</b>
<b>Change in net assets</b>	<b>(39,959)</b>	<b>591,199</b>	<b>(534,053)</b>	<b>17,187</b>
<b>Net assets, beginning of year</b>	<b>510,262</b>	<b>919,239</b>	<b>6,083,664</b>	<b>7,513,165</b>
<b>Net assets, end of year</b>	<b>\$ 470,303</b>	<b>\$ 1,510,438</b>	<b>\$ 5,549,611</b>	<b>\$ 7,530,352</b>

*See accompanying notes to financial statements*

**Statement of Cash Flows – Primary Government  
For the Year Ended June 30, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Tuition and Fees	\$ 27,242,724
Contracts	3,372,385
Commissions and Rents	751,455
Other Receipts	1,020,844
Payments to Suppliers and Providers of Goods and Services	(46,074,748)
Payments for Employee Wages and Benefits	(121,546,035)
Payments for Scholarships	(20,344,895)
<b>Net Cash Used for Operating Activities</b>	<b>(155,578,270)</b>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Property Taxes	119,636,471
State Appropriations	595,000
Grants	46,954,325
Share of State Sales Tax	2,834,744
Federal Direct Loans Received	17,132,978
Federal Direct Loans Disbursed	(17,056,238)
Deposits Held in Custody for Others Received	2,026,770
Deposits Held in Custody for Others Disbursed	(2,199,947)
Gifts	301,395
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>170,225,498</b>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Proceeds from Capital Debt	1,232,811
Capital Appropriations	15,000,000
Capital grants and gifts received	10,000
Proceeds from sale of capital assets	6,108,740
Purchases of Capital Assets	(13,946,357)
Other capital related payments	(950)
Principal Paid on Capital Debt	(3,794,358)
Interest Paid on Capital Debt	(2,560,404)
<b>Net Cash Provided by Capital and Related Financing Activities</b>	<b>2,049,482</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from Sales and Maturities of Investments	182,994,348
Purchases of Investments	(205,426,608)
Interest Received on Investments	4,245,551
<b>Net Cash Used for Investing Activities</b>	<b>(18,186,709)</b>
Net Decrease in Cash and Cash Equivalents	(1,489,999)
Cash and Cash Equivalents - July 1, 2019	63,216,391
<b>Cash and Cash Equivalents - June 30, 2020</b>	<b>\$ 61,726,392</b>

*See accompanying notes to financial statements*

**Statement of Cash Flows – Primary Government  
For the Year Ended June 30, 2020**

**RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES**

Operating Loss	\$ (158,408,708)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation Expense	6,187,093
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:	
Decrease in Receivables, Net	280,468
Increase in Inventories	(39,909)
Decrease in Prepaid Expenses	335,686
Decrease in Net Other Postemployment Benefits (OPEB) Asset	98,164
Decrease in Deferred Outflows of Resources Related to Pensions and OPEB	3,410,687
Decrease in Accrued Payroll and Employee Benefits	(219,074)
Increase in Accounts Payable and Accrued Liabilities	3,586,313
Decrease in Unearned Revenue	(1,428,912)
Increase in Long-term Liabilities (Compensated Absences Portion)	1,034,877
Decrease in Net Pension and OPEB Liability	(8,616,607)
Decrease in Deferred Inflows of Resources Related to Pensions and OPEB	(1,798,348)
<b>Net Cash Used for Operating Activities</b>	<b>\$ (155,578,270)</b>

*Non-cash Transactions Not Included in Above Statement:*

<i>Net Book Value of Capital Assets sold</i>	\$ 4,019,150
<i>Donated Capital Assets</i>	6,420
<i>Net Increase Fair Market Value of Investments</i>	1,944,270
<i>Bond Amortization of Premium</i>	679,081

*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 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, 2020, the Foundation distributed \$21,500 of in-kind gifts to be used for College operations and teaching programs and \$288,714 for scholarships. On October 1, 2017, the College and the Foundation entered into a services agreement that defines the relationship between the parties. In exchange for the services provided by the Foundation, in fiscal year 2020, the College paid to the Foundation an amount of \$500,000. 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 into three broad categories: unrestricted, restricted, and net investment in capital assets.
- 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.

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.



## Notes to Financial Statements

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 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, 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. All capital assets with a cost of \$5,000 or more are capitalized. Interest expense incurred during the construction phase of the College's facilities is capitalized as a cost of plant assets in accordance with generally accepted accounting principles. Assets (except land and improvements 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.

### **Deferred Outflows and Inflows of Resources:**

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

### **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 336 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.

## **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 policy focuses on mitigation of custodial credit risk for deposits and investments.

### **Deposits:**

At June 30, 2020, the carrying amount of the College's deposits was \$11,536,834 and the bank balance was \$11,685,075. A.R.S requires collateral for deposits at 102 percent of all deposits not covered by federal depository insurance.

**Notes to Financial Statements**

**Investments:**

The College had total investments of \$221,108,531 at June 30, 2020. 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), broker pricing and matrix 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, 2020, 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)
US Treasury	\$ 69,760,536	\$ 69,760,536	
US Agency Securities	71,665,078		\$ 71,665,078
Corporate Bonds and Notes	21,583,639		21,583,639
Commercial Paper	524,853		524,853
Money Market Mutual Fund	7,924,220	7,924,220	
<b>Total investments by fair value level</b>	<b>\$ 171,458,326</b>	<b>\$ 77,684,756</b>	<b>\$ 93,773,570</b>

External investment pools measured at fair value	Amount
State Treasurer's Investment Pool #5	\$ 47,758,274
County Treasurer's Investment Pool	1,891,931
Total external investment pools measured at fair value	<b>49,650,205</b>
<b>Total investments</b>	<b>\$ 221,108,531</b>

**Credit Risk:**

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The College 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, 2020:

Investment Type	S&P Rating				Unrated	Amount
	AAAf/S1+	AAA	AA	A		
State Treasurer’s Investment Pool #5	\$ 47,758,274					\$ 47,758,274
County Treasurer’s Investment Pool					\$ 1,891,931	1,891,931
US Agency Securities		\$ 850,822	\$ 22,025,953		48,788,303	71,665,078
Corporate Bonds and Notes		1,985,830	15,317,234	\$ 3,084,235	1,196,340	21,583,639
Commercial Paper					524,853	524,853
Money Market Mutual Fund					7,924,220	7,924,220
<b>Total investments subject to credit risk</b>	<b>\$ 47,758,274</b>	<b>\$ 2,836,652</b>	<b>\$37,343,187</b>	<b>\$ 3,084,235</b>	<b>\$ 60,325,647</b>	<b>\$151,347,995</b>

## Notes to Financial Statements

### 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. The College had investments at June 30, 2020, of 5% or more in Federal National Mortgage Association (FNMA), Federal Home Loan Banks (FHLB) and Federal Home Loan Mortgage Corporation (FHLMC). These investments were 14.42%, 7.87%, and 8.90%, respectively, 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, 2020, 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	\$ 47,758,274	\$ 47,758,274	
County Treasurer's Investment Pool	1,891,931	1,891,931	
US Treasury	69,760,536	26,109,722	\$ 43,650,814
US Agency Securities	71,665,078	33,372,290	38,292,788
Corporate Bonds and Notes	21,583,639	7,379,019	14,204,620
Commercial Paper	524,853	524,853	
Money Market Mutual Fund	7,924,220	7,924,220	
<b>Total investments</b>	<b>\$ 221,108,531</b>	<b>\$ 124,960,309</b>	<b>\$ 96,148,222</b>

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	\$ 14,500
Amount of deposits	11,536,834
Amount of investments	221,108,531
<b>Total</b>	<b>\$ 232,659,865</b>

Statement of Net Position	Amount
Cash and cash equivalents	\$ 61,463,200
Current investments	15,171,940
Restricted Assets:	
Cash and cash equivalents	263,192
Cash and investments held by trustee	58,429,730
Other long-term investments	97,331,803
<b>Total</b>	<b>\$ 232,659,865</b>

**Notes to Financial Statements**

**3. CAPITAL ASSETS**

The College’s capital asset activity for the year ended June 30, 2020, is detailed below:

<b>Description</b>	<b>Balance</b>			<b>Balance</b>
	<b>July 1, 2019</b>	<b>Increases</b>	<b>Decreases</b>	
Land and improvements	\$ 15,291,311		\$ 43,805	\$ 15,247,506
Construction in progress	5,836,825	\$ 10,277,822	33,738	16,080,909
<b>Depreciable assets</b>				
Buildings and improvements	190,452,158		8,771,442	181,680,716
Equipment	30,610,804	3,413,096	553,124	33,470,776
Leasehold improvements	3,260,062			3,260,062
Library books	6,662,763	261,861	236,474	6,688,150
<b>Total capital assets</b>	<b>\$ 252,113,923</b>	<b>\$ 13,952,779</b>	<b>\$ 9,638,583</b>	<b>\$ 256,428,119</b>
<b>Less accumulated depreciation</b>				
Buildings and improvements	\$ 121,304,253	\$ 3,525,134	\$ 4,851,228	\$ 119,978,159
Equipment	25,834,603	2,171,106	531,731	27,473,978
Leasehold improvements	2,182,908	118,900		2,301,808
Library books	4,996,704	371,953	236,474	5,132,183
<b>Total accumulated depreciation</b>	<b>154,318,468</b>	<b>6,187,093</b>	<b>5,619,433</b>	<b>154,886,128</b>
<b>Capital assets, net</b>	<b>\$ 97,795,455</b>	<b>\$ 7,765,686</b>	<b>\$ 4,019,150</b>	<b>\$ 101,541,991</b>

**4. LONG-TERM LIABILITIES**

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

<b>Description</b>	<b>Balance</b>			<b>Balance</b>	<b>Due Within One Year</b>
	<b>July 1, 2019</b>	<b>Additions</b>	<b>Reductions</b>		
<b>Bonds Payable:</b>					
Revenue Bonds	\$ 57,415,000		\$ 3,270,000	\$ 54,145,000	\$ 1,775,000
Premiums	8,033,935		679,081	7,354,854	714,681
<b>Total bonds payable</b>	<b>65,448,935</b>		<b>3,949,081</b>	<b>61,499,854</b>	<b>2,489,681</b>
Compensated absences	7,807,916	\$ 5,642,427	4,607,550	8,842,793	4,436,364
Capital leases payable	2,300,018	1,176,367	524,358	2,952,027	747,034
Net pension and other postemployment benefits liability	110,045,452		8,616,607	101,428,845	
<b>Total long-term liabilities</b>	<b>\$ 185,602,321</b>	<b>\$ 6,818,794</b>	<b>\$ 17,697,596</b>	<b>\$ 174,723,519</b>	<b>\$ 7,673,079</b>

**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 payable semiannually and principal payable annually. Bond proceeds will be 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.

**Notes to Financial Statements**

The following bonds were outstanding at June 30, 2020:

<u>Description</u>	<u>Original amount authorized</u>	<u>Amount issued</u>	<u>Maturity Ranges</u>	<u>Interest rates</u>	<u>Outstanding principal</u>
Revenue Bonds	\$ 65,000,000	\$ 49,120,000	2021-37	5.0%	\$ 45,850,000
		8,295,000	2038-39	4.0%	8,295,000
		<b>\$ 57,415,000</b>			<b>\$ 54,145,000</b>

The following schedule details debt service requirements to maturity for the College’s bonds payable at June 30, 2020:

<u>Year ending June 30</u>	<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,775,000	\$ 2,579,925
2022	1,865,000	2,488,925
2023	1,955,000	2,393,425
2024	2,055,000	2,293,175
2025	2,155,000	2,187,925
2026-30	12,510,000	9,167,000
2031-35	15,970,000	5,624,500
2036-39	15,860,000	1,381,575
<b>Total</b>	<b>\$ 54,145,000</b>	<b>\$ 28,116,450</b>

The College has pledged future tuition, fees, rentals, and other charges from students, faculty, or other parties 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 11 percent of gross revenues. The total principal and interest remaining to be paid on the bonds is \$82,261,450. The total gross revenues for the current year was \$39,828,893.

**Capital Leases**

The College has acquired various equipment under the provisions of various long-term lease agreements classified as capital leases for accounting purposes because they provide for a bargain purchase option by the end of the lease term.

The following assets were acquired through capital leases:

<u>Description</u>	<u>Value</u>
Computer Equipment	\$ 662,190
Machinery & Equipment	500,604
Office Furniture & Fixings	30,454
Vehicles	475,924
Other	14,923
Total capital leases	1,684,095
Less: accumulated depreciation	551,583
<b>Carrying value of assets</b>	<b>\$ 1,132,512</b>

## Notes to Financial Statements

The following schedule details debt service requirements to maturity for the College's capital leases payable at June 30, 2020:

Year ending June 30:	<b>Capital Lease Payments</b>
2021	\$ 860,715
2022	860,715
2023	723,459
2024	508,717
2025	260,286
Total minimum lease payments	3,213,892
Less: amount representing interest	(261,865)
<b>Present value of net minimum lease payments</b>	<b>\$ 2,952,027</b>

### 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 net other postemployment benefits (OPEB) asset has been recorded at June 30, 2020, PSPRS has not been further disclosed due to its relative insignificance to the College's financial statements. At June 30, 2020, the College reported the following aggregate amounts related to pensions and OPEB for the two plans:

Net OPEB asset	\$ 360,041
Net pension and OPEB liability	101,428,845
Deferred outflows of resources related to pensions and OPEB	12,267,121
Deferred inflows of resources related to pensions and OPEB	17,090,497
Pension and OPEB expense	2,218,391

#### 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](http://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:

## Notes to Financial Statements

	<b>Retirement</b>	
	<b>Initial membership date:</b>	
	<u><b>Before July 1, 2011</b></u>	<u><b>On or after July 1, 2011</b></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 *With actuarially reduced benefits.	2.1% to 2.3%	2.1% to 2.3%

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.

### **Contributions:**

In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2020, statute required active ASRS members to contribute at the actuarially determined rate of 12.11 percent (11.94 percent for retirement and 0.17 percent for long-term disability) of the members' annual covered payroll, and statute required the College to contribute at the actuarially determined rate of 12.11 percent (11.45 percent for retirement, 0.49 percent for health insurance premium benefit, and 0.17 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 10.41 percent (10.29 percent for retirement, 0.05 percent for health insurance premium benefit and 0.07 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



## Notes to Financial Statements

contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2020, were \$8,009,796, \$335,181, and \$107,779, respectively.

**Liability:**

At June 30, 2020, the College reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability.

<b>ASRS</b>	<b>Net pension/OPEB (asset) liability</b>
Pension	\$ 94,319,187
Health insurance premium benefit	(179,370)
Long-term disability	421,915

The net asset and net liabilities were measured as of June 30, 2019. 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, 2018, to the measurement date of June 30, 2019. 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, 2019. The College's proportion measured as of June 30, 2019, and the change from its proportions measured as of June 30, 2018, were:

<b>ASRS</b>	<b>Proportion June 30, 2019</b>	<b>Decrease from June 30, 2018</b>
Pension	0.64819%	(0.09197)
Health insurance premium benefit	0.64906%	(0.09285)
Long-term disability	0.64766%	(0.09325)

**Expense:**

For the year ended June 30, 2020, the College recognized the following pension and OPEB expense.

<b>ASRS</b>	<b>Pension/OPEB Expense</b>
Pension	\$ 910,713
Health insurance premium benefit	224,265
Long-term disability	130,527

**Deferred outflows/inflows of resources:**

At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to ASRS pensions and OPEB from the following sources:

## Notes to Financial Statements

	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	\$ 1,703,901	\$ 17,733		\$ 214,416	\$ 49,847	
Changes of assumptions or other inputs	398,690	3,755,975	\$ 352,746		63,117	
Net difference between projected and actual earnings on plan investments		2,119,969		233,260		\$ 9,000
Changes in proportion and differences between college contributions and proportionate share of contributions		10,447,801		1,388		41,909
College contributions subsequent to the measurement date	8,009,796		335,181		107,779	
<b>Total</b>	<b>\$ 10,112,387</b>	<b>\$ 16,341,478</b>	<b>\$ 687,927</b>	<b>\$ 449,064</b>	<b>\$ 220,743</b>	<b>\$ 50,909</b>

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, 2021. 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>Years ended June 30:</u>	<u>Pension</u>	<u>Health Insurance Premium Benefit</u>	<u>Long - Term Disability</u>
2021	\$ (7,646,909)	\$ (78,029)	\$ 4,286
2022	(6,752,640)	(78,028)	4,287
2023	(407,124)	21,449	13,067
2024	567,786	43,356	14,677
2025		(5,066)	11,330
Thereafter			14,408

### Actuarial assumptions:

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

Actuarial valuation date	June 30, 2018
Actuarial roll forward date	June 30, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7–7.2% 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, 2018, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

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

## Notes to Financial Statements

and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Equity	50%	6.09%
Credit	20%	5.36%
Interest rate sensitive bonds	10%	1.62%
Real estate	<u>20%</u>	5.85%
Total	<u>100%</u>	

### Discount rate:

The discount rate used to measure the ASRS total pension/OPEB liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/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 7.5 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 (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

College's proportionate share of the	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability	\$ 134,238,050	\$ 94,319,187	\$ 60,957,291
Net health insurance premium benefit liability (asset)	908,595	(179,370)	(1,106,371)
Net long-term disability liability	466,944	421,915	378,251

### 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 \$883,861 of outstanding pension and OPEB contribution amounts payable to ASRS for the year ended June 30, 2020, which includes \$2,485 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 and automobile risks. 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 purchases property insurance through a property program pool with other higher learning institutions across several states. Each member institution retains a deductible that is applied to each claim. In case of a loss, the program's loss fund is responsible for the first \$1.0 million of loss per occurrence per annum in excess of the deductible and if the programs' total claims exceed its loss fund in any given year, the excess claims are covered by the program's insurer. The College also carries commercial insurance coverage for other risks of loss, including liability, workers' compensation, automobile accident insurance, 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 \$541,700 at June 30, 2020, 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, 2019, and June 30, 2020, are as follows:

<u>Prescription Plan</u>	<u>Year Ending June 30</u>	
	<u>2019</u>	<u>2020</u>
Claims liability at beginning of year	\$ 136,500	\$ 170,100
Current year actual and estimated claims	2,857,618	2,707,319
Payments on claims	(2,824,018)	(2,744,387)
Claims liability at end of year	<u>\$ 170,100</u>	<u>\$ 133,032</u>

<u>Health Plan</u>	<u>Year Ending June 30</u>	
	<u>2019</u>	<u>2020</u>
Claims liability at beginning of year	\$ 465,150	\$ 573,300
Current year actual and estimated claims	6,066,001	5,466,935
Payments on claims	(5,957,851)	(5,631,567)
Claims liability at end of year	<u>\$ 573,300</u>	<u>\$ 408,668</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	\$ 115,455,735
Communications and Utilities	4,737,178
Travel	1,208,176
Contractual Services	36,566,226
Supplies and Materials	3,394,010
Student Financial Aid	20,344,895
Other Expenses	4,051,248
Depreciation	6,187,093
<b>Total operating expenses</b>	<b><u>\$ 191,944,561</u></b>

### 8. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

At June 30, 2020, the College had the following major contractual commitments:

#### **Aviation Program Expansion:**

The college had construction contractual commitments of \$13,492,205 to expand the current aviation structures. Funding for these expenditures will be primarily from the State capital appropriations of \$15,000,000 and other capital projects reserves.

#### **Applied Technology Construction:**

The college had construction contractual commitments of \$9,180,925 and \$454,080 for the Transportation new building and the Advanced Manufacturing new buildings, respectively. In addition, the College had \$732,108 in construction commitments for the Science labs projects and \$308,242 for space renovations at the Downtown Campus. Funding for these expenditures will be primary from the 2019 Revenue bonds.

#### **Technology and classroom IT upgrades:**

The College had contractual commitments to upgrade various IT equipment, technology software contracts, and classrooms upgrades of \$1,814,514. Funding for these projects will be primarily from the Coronavirus Aid, Relief, and Economic Security Act funding, Proposition 301 funding and other capital projects reserves.

## Notes to Financial Statements

### 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 with donor restrictions** - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by 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 revenue 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 reported amounts of revenues 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 not classified as 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.

## Notes to Financial Statements

### 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, 2020, there was \$6,965,856 in cash and cash equivalents and investment balances in excess of the FDIC and SIPC insurance limits. It is the opinion of management that the solvency of the referenced financial institutions is not of concern at this time.

### 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 generally accepted accounting principles.

### 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 \$119,983 during the year ended June 30, 2020.

### Subsequent event:

In September 2020, the Foundation received a \$2.5 million contribution to advance the College's Advanced Technology programs.

### 9b. Cash and Investments

At June 30, 2020, the Foundation's cash and cash equivalents were \$846,526.

The Foundation's other long-term investments measured at fair value as of June 30, 2020, consisted of the following:

Foundation 2020	Fair Value			
	Total	Level 1	Level 2	Level 3
Mutual Funds	\$ 6,570,766	\$ 6,570,766		
Corporate Bonds	50,675	50,675		
Investment in Partnerships	272,269			\$ 272,269
<b>Total investments at fair value</b>	<b>6,893,710</b>	<b>\$ 6,621,441</b>	<b>\$ 0</b>	<b>\$ 272,269</b>

**Notes to Financial Statements**

**9c. 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.

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 (specific purpose) assets 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, 2020 comprised of:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions Specified Purpose</b>	<b>With Donor Restrictions Permanent Endowment</b>
Donor-restricted endowment assets	\$ 273,814	\$ 353,370	\$ 5,549,611

Changes in endowment net assets for the year ended June 30, 2020 are:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions Specified Purpose</b>	<b>With Donor Restrictions Permanent Endowment</b>
Endowment net assets, beginning of year		\$ 261,757	\$ 6,083,664
Contributions	\$ 2,295		130,154
Donor-directed transfers			(210,731)
Investment loss		(5,894)	
Other transfers		347,073	(453,476)
Appropriation of endowment assets for expenditure	271,519	(249,566)	
Endowment net assets, end of year	<b>\$ 273,814</b>	<b>\$ 353,370</b>	<b>\$ 5,549,611</b>



## 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)						
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
College's proportion of the net pension liability	0.6482%	0.7402%	0.7574%	0.8152%	0.8238%	0.8210%	Information
College's proportionate share of the net pension liability	\$ 94,319,187	\$ 103,226,272	\$ 117,992,830	\$ 131,576,627	\$ 128,312,064	\$ 121,480,198	not
College's covered payroll	\$ 68,450,938	\$ 73,768,417	\$ 74,350,845	\$ 77,048,076	\$ 76,259,354	\$ 74,240,051	available
College's proportionate share of the net pension liability as a percentage of its covered payroll	137.79%	139.93%	158.69%	170.77%	168.26%	163.63%	
Plan fiduciary net position as a percentage of the total pension liability	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	

#### ASRS – Health insurance premium benefit

	Reporting Fiscal Year (Measurement Date)			
	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2011
College's proportion of the net OPEB (asset)	0.6491%	0.7419%	0.7601%	Information
College's proportionate share of the net OPEB (asset)	\$ (179,370)	\$ (267,155)	\$ (413,793)	not
College's covered payroll	\$ 68,450,938	\$ 73,768,417	\$ 74,350,845	available
College's proportionate share of the net OPEB (asset) as a percentage of its covered payroll	(0.26%)	(0.36%)	(0.56%)	
Plan fiduciary net position as a percentage of the total OPEB liability	101.62%	102.20%	103.57%	

#### ASRS – Long-term disability

	Reporting Fiscal Year (Measurement Date)			
	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2011
College's proportion of the net OPEB liability	0.6477%	0.7409%	0.7569%	Information
College's proportionate share of the net OPEB liability	\$ 421,915	\$ 387,129	\$ 274,355	not
College's covered payroll	\$ 68,450,938	\$ 73,768,417	\$ 74,350,845	available
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.62%	0.52%	0.37%	
Plan fiduciary net position as a percentage of the total OPEB liability	72.85%	77.83%	84.44%	

## Required Supplementary Information

### Schedule of College Pension/OPEB Contributions

#### Arizona State Retirement System (ASRS) – Pension

	Reporting Fiscal Year				
	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 8,009,796	\$ 7,639,098	\$ 8,015,151	\$ 7,985,084	\$ 8,328,186
College’s contributions in relation to the statutorily required contribution	\$ 8,009,796	\$ 7,639,098	\$ 8,015,151	\$ 7,985,084	\$ 8,328,186
College’s contribution deficiency (excess)	-	-	-	-	-
College’s covered payroll	\$70,130,383	\$68,450,938	\$73,768,417	\$74,350,845	\$77,048,076
College’s contributions as a percentage of covered payroll	11.42%	11.16%	10.87%	10.74%	10.81%

#### ASRS – Pension

	Reporting Fiscal Year				
	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 8,288,807	\$ 7,918,797	\$ 7,457,496	\$ 6,979,719	\$ 6,282,818
College’s contributions in relation to the statutorily required contribution	\$ 8,288,807	\$ 7,918,797	\$ 7,457,496	\$ 6,979,719	\$ 6,282,818
College’s contribution deficiency (excess)	-	-	-	-	-
College’s covered payroll	\$76,259,354	\$74,240,051	\$72,914,505	\$70,282,295	\$69,686,717
College’s contributions as a percentage of covered payroll	10.87%	10.67%	10.23%	9.93%	9.02%

#### ASRS – Health insurance premium benefit

	Reporting Fiscal Year				2016
	2020	2019	2018	2017	through 2011
Statutorily required contribution	\$ 335,181	\$ 306,985	\$ 318,287	\$ 410,413	Information
College’s contributions in relation to the statutorily required contribution	\$ 335,181	\$ 306,985	\$ 318,287	\$ 410,413	not
College’s contribution deficiency (excess)	-	-	-	-	available
College’s covered payroll	\$70,130,383	\$68,450,938	\$73,768,417	\$74,350,845	
College’s contributions as a percentage of covered payroll	0.48%	0.45%	0.43%	0.55%	

#### ASRS – Long-term disability

	Reporting Fiscal Year				2016
	2020	2019	2018	2017	through 2011
Statutorily required contribution	\$ 107,779	\$ 107,649	\$ 117,496	\$ 103,438	Information
College’s contributions in relation to the statutorily required contribution	\$ 107,779	\$ 107,649	\$ 117,496	\$ 103,438	not
College’s contribution deficiency (excess)	-	-	-	-	available
College’s covered payroll	\$70,130,383	\$68,450,938	\$73,768,417	\$74,350,845	
College’s contributions as a percentage of covered payroll	0.15%	0.16%	0.16%	0.14%	



# Statistical Section



PimaCountyCommunityCollegeDistrict



**Pima County Community College District  
Statistical Section**

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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**  
Fiscal Years 2011 to 2020

	Fiscal Year				
	2020	2019	2018	2017	2016
Net Investment in Capital Assets	\$ 92,788,602	\$ 92,872,863	\$ 96,772,449	\$ 100,330,570	\$ 106,258,844
Restricted - expendable	47,633,485	29,435,074	12,451,846	11,339,876	10,126,191
Restricted - nonexpendable	0	0	0	0	0
Unrestricted	13,571,472	(3,458,207)	(20,815,356)	(39,778,165)	(50,097,749)
<b>Total Net Position</b>	<b>\$ 153,993,559</b>	<b>\$ 118,849,730</b>	<b>\$ 88,408,939</b>	<b>\$ 71,892,281</b>	<b>\$ 66,287,286</b>

	Fiscal Year				
	2015	2014	2013	2012	2011
Net Investment in Capital Assets	\$ 111,016,873	\$ 116,017,978	\$ 111,772,509	\$ 107,958,480	\$ 110,359,292
Restricted - expendable	8,652,563	9,091,749	8,184,292	7,771,778	7,718,819
Restricted - nonexpendable	217,399	1,573,607	1,631,278	1,682,173	101,886
Unrestricted	(51,900,890)	80,543,605	93,662,614	100,136,064	98,779,375
<b>Total Net Position</b>	<b>\$ 67,985,945</b>	<b>\$ 207,226,939</b>	<b>\$ 215,250,693</b>	<b>\$ 217,548,495</b>	<b>\$ 216,959,372</b>

**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**  
Fiscal Years 2011 to 2020

	2020	2019	Fiscal Year 2018	2017	2016
<b>Income (Loss) Before Other Changes in Net Position</b>	\$ 20,137,409	\$ 30,428,217	\$ 16,271,672	\$ 5,565,475	\$ (1,736,314)
Capital Appropriations	15,000,000	0	0	0	0
Capital Gifts and Grants	6,420	12,574	80,650	39,520	37,655
<b>Total Change in Net Position</b>	<b>\$ 35,143,829</b>	<b>\$ 30,440,791</b>	<b>\$ 16,352,322</b>	<b>\$ 5,604,995</b>	<b>\$ (1,698,659)</b>

	2015	2014	Fiscal Year 2013	2012	2011
<b>Income (Loss) Before Other Changes in Net Position</b>	\$ (7,776,128)	\$ (8,054,427)	\$ (3,097,802)	\$ 522,923	\$ 17,855,272
Capital Appropriations	0	0	0	0	0
Capital Gifts and Grants	136,341	30,673	800,000	66,200	41,463
<b>Total Change in Net Position</b>	<b>\$ (7,639,787)</b>	<b>\$ (8,023,754)</b>	<b>\$ (2,297,802)</b>	<b>\$ 589,123</b>	<b>\$ 17,896,735</b>

Source: District Records

**Pima County Community College District  
Financial Trends**

**Schedule of Expenses by Identifiable Activity**  
Fiscal Years 2011 to 2020

	Fiscal Year				
	2020	2019	2018	2017	2016
<b>Operating Expenses</b>					
Instruction	\$ 51,995,932	\$ 49,107,804	\$ 51,138,005	\$ 52,009,785	\$ 54,486,848
Academic Support	23,613,165	21,283,643	24,914,373	25,221,536	27,061,889
Student Services	26,918,295	24,979,942	27,188,490	28,146,761	28,184,238
Institutional Support	37,608,384	32,503,926	32,910,008	33,893,651	34,664,541
Operation and Maintenance of Plant	24,419,277	16,432,731	14,767,795	16,299,388	15,905,619
Student Financial Aid	20,344,895	16,095,595	16,557,909	15,449,569	17,646,631
Auxiliary Enterprises	857,520	681,532	877,258	931,331	876,462
Depreciation	6,187,093	6,626,827	7,117,410	7,701,083	8,321,837
<b>Total Operating Expenses</b>	<b>191,944,561</b>	<b>167,712,000</b>	<b>175,471,248</b>	<b>179,653,104</b>	<b>187,148,065</b>
<b>Nonoperating Expenses</b>					
Interest on Capital Asset-Related Debt	2,013,973	883,313	32,493	0	0
Loss on Capital Asset Disposal	0	0	54,672	22,066	19,361
Other Nonoperating Expenses	0	451,557	0	0	0
<b>Total Nonoperating Expenses</b>	<b>2,013,973</b>	<b>1,334,870</b>	<b>87,165</b>	<b>22,066</b>	<b>19,361</b>
<b>Total Expenses</b>	<b>\$ 193,958,534</b>	<b>\$ 169,046,870</b>	<b>\$ 175,558,413</b>	<b>\$ 179,675,170</b>	<b>\$ 187,167,426</b>
<b>Operating Expenses</b>					
Fiscal Year					
	2015	2014	2013	2012	2011
Instruction	\$ 56,521,328	\$ 55,712,283	\$ 56,722,122	\$ 56,541,376	\$ 57,500,697
Academic Support	28,307,683	26,968,277	24,878,589	27,424,159	25,592,122
Student Services	29,761,778	27,093,085	24,615,986	24,475,523	24,400,835
Institutional Support	36,990,188	39,336,193	38,208,264	32,376,945	31,362,563
Operation and Maintenance of Plant	17,474,890	19,593,974	17,134,651	17,805,567	17,188,038
Student Financial Aid	20,923,754	22,739,712	26,244,500	34,764,717	34,799,330
Auxiliary Enterprises	972,572	917,261	755,713	694,438	594,145
Depreciation	8,403,706	8,224,999	7,775,302	7,637,565	7,682,122
<b>Total Operating Expenses</b>	<b>199,355,899</b>	<b>200,585,784</b>	<b>196,335,127</b>	<b>201,720,290</b>	<b>199,119,852</b>
<b>Nonoperating Expenses</b>					
Interest on Capital Asset-Related Debt	0	67,750	207,304	464,825	882,425
Loss on Capital Asset Disposal	24,101	266,394	10,657	106,875	11,914
Other Nonoperating Expenses	0	24,900	43,871	0	8,773
<b>Total Nonoperating Expenses</b>	<b>24,101</b>	<b>359,044</b>	<b>261,832</b>	<b>571,700</b>	<b>903,112</b>
<b>Total Expenses</b>	<b>\$ 199,380,000</b>	<b>\$ 200,944,828</b>	<b>\$ 196,596,959</b>	<b>\$ 202,291,990</b>	<b>\$ 200,022,964</b>

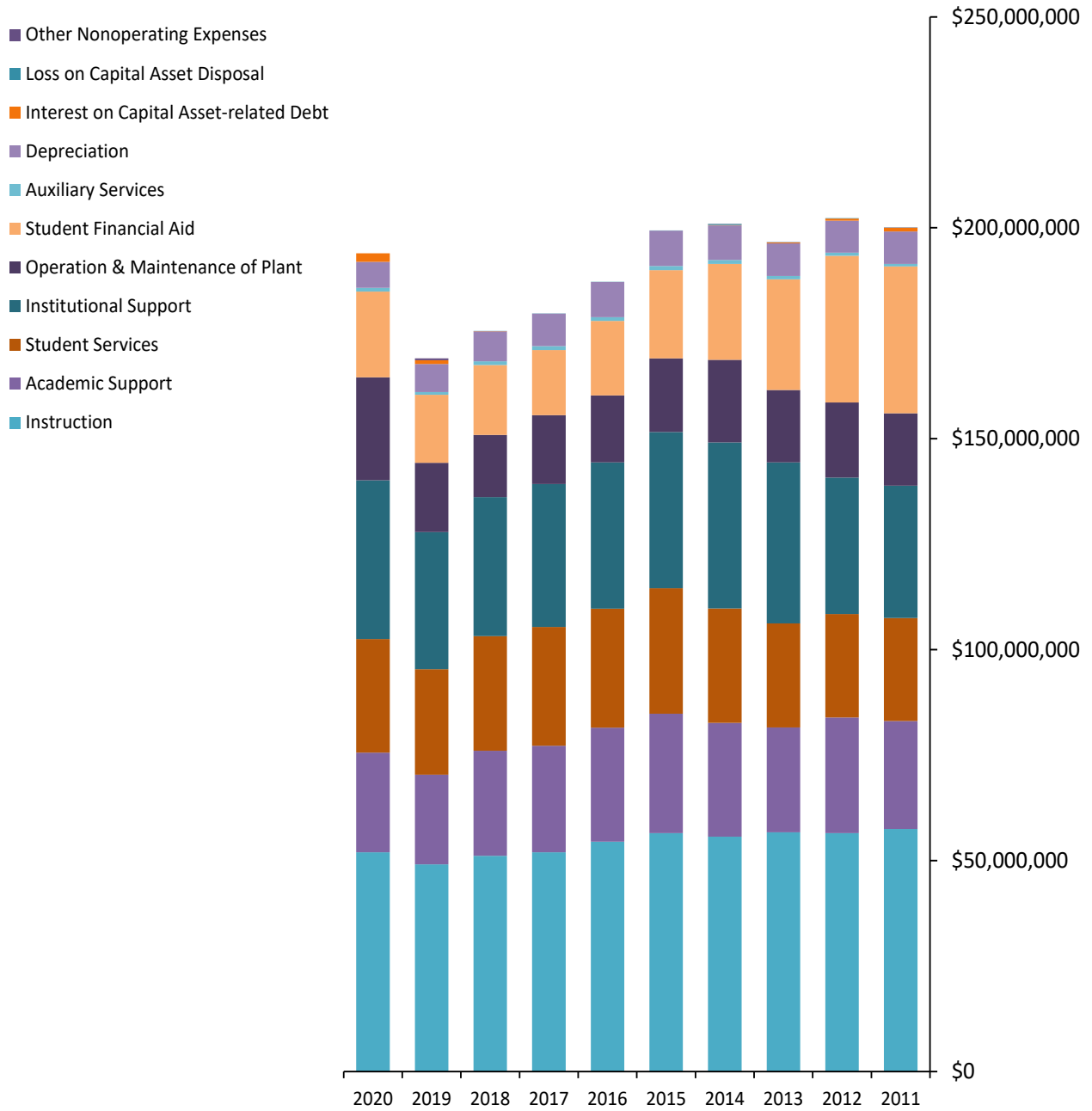
Source: District Records



## Pima County Community College District Financial Trends

### Graph of Expenses by Identifiable Activity

Fiscal Years 2011 to 2020



**Pima County Community College District  
Financial Trends**

**Schedule of Revenues by Source  
Fiscal Years 2011 to 2020**

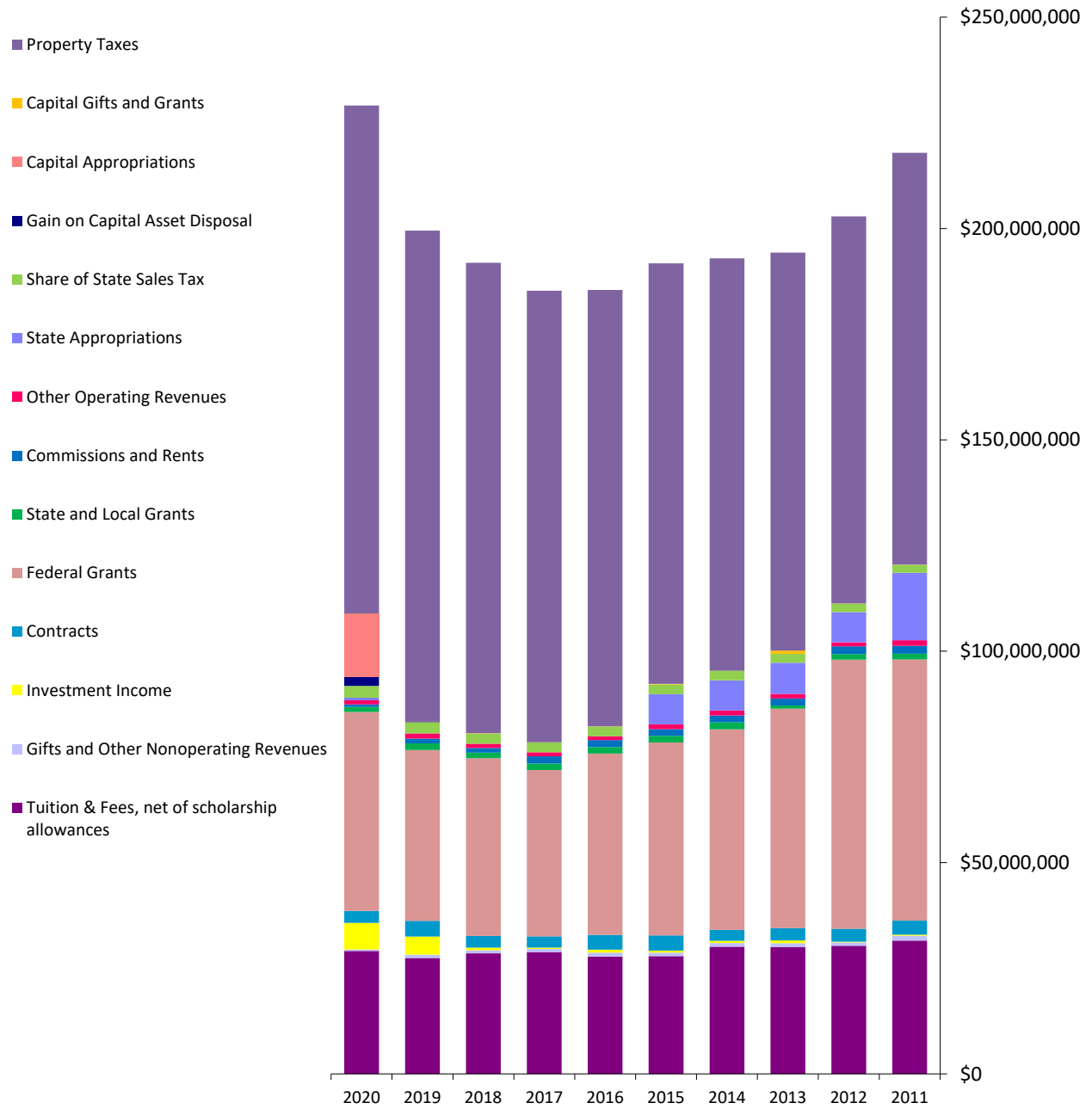
	Fiscal Year				
	2020	2019	2018	2017	2016
<b>Operating Revenues</b>					
Tuition and Fees, net of scholarship allowances	\$ 29,095,520	\$ 27,441,078	\$ 28,532,331	\$ 28,834,580	\$ 27,792,518
Contracts	2,853,094	3,690,885	2,766,925	2,660,348	3,485,053
Commissions and Rents	621,796	1,137,559	1,067,161	1,720,067	1,658,484
Other Operating Revenues	965,443	1,226,272	1,008,383	924,054	912,844
<b>Total Operating Revenues</b>	<b>33,535,853</b>	<b>33,495,794</b>	<b>33,374,800</b>	<b>34,139,049</b>	<b>33,848,899</b>
<b>Nonoperating Revenues</b>					
Property Taxes	120,192,760	116,162,277	111,324,689	106,823,980	103,274,540
State Appropriations	595,000	0	0	0	0
Federal Grants	47,070,759	40,423,631	42,048,279	39,352,391	42,891,284
State and Local Grants	1,141,525	1,575,675	1,323,106	1,544,239	1,523,348
Share of State Sales Tax	2,834,744	2,651,288	2,418,985	2,341,003	2,282,341
Gifts and Other Nonoperating Revenues	335,915	766,260	713,930	716,073	900,667
Investment Income	6,293,040	4,305,456	626,296	323,910	710,033
Gain on Capital Asset Disposal	2,096,347	94,706	0	0	0
Capital Appropriations	15,000,000	0	0	0	0
Capital Gifts and Grants	6,420	12,574	80,650	39,520	37,655
<b>Total Nonoperating Revenues</b>	<b>195,566,510</b>	<b>165,991,867</b>	<b>158,535,935</b>	<b>151,141,116</b>	<b>151,619,868</b>
<b>Total Revenues</b>	<b>\$ 229,102,363</b>	<b>\$ 199,487,661</b>	<b>\$ 191,910,735</b>	<b>\$ 185,280,165</b>	<b>\$ 185,468,767</b>
<b>Operating Revenues</b>					
Tuition and Fees, net of scholarship allowances	\$ 27,860,572	\$ 30,092,480	\$ 30,034,844	\$ 30,315,594	\$ 31,543,208
Contracts	3,614,371	2,565,513	2,887,596	3,096,886	3,350,861
Commissions and Rents	1,608,709	1,613,283	1,653,777	1,827,383	1,891,920
Other Operating Revenues	1,137,112	1,199,976	1,099,854	961,978	1,311,330
<b>Total Operating Revenues</b>	<b>34,220,764</b>	<b>35,471,252</b>	<b>35,676,071</b>	<b>36,201,841</b>	<b>38,097,319</b>
<b>Nonoperating Revenues</b>					
Property Taxes	99,464,621	97,523,572	94,150,821	91,581,461	97,431,336
State Appropriations	7,093,500	7,136,600	7,353,500	7,146,400	15,942,100
Federal Grants	45,616,708	47,429,534	51,918,293	63,645,052	61,762,889
State and Local Grants	1,573,775	1,666,184	770,688	1,326,419	1,366,883
Share of State Sales Tax	2,331,857	2,256,268	2,072,940	1,977,303	1,909,767
Gifts and Other Nonoperating Revenues	812,941	861,085	895,476	799,030	1,147,421
Investment Income	489,706	545,906	661,368	137,407	220,521
Gain on Capital Asset Disposal	0	0	0	0	0
Capital Appropriations	0	0	0	0	0
Capital Gifts and Grants	136,341	30,673	800,000	66,200	41,463
<b>Total Nonoperating Revenues</b>	<b>157,519,449</b>	<b>157,449,822</b>	<b>158,623,086</b>	<b>166,679,272</b>	<b>179,822,380</b>
<b>Total Revenues</b>	<b>\$ 191,740,213</b>	<b>\$ 192,921,074</b>	<b>\$ 194,299,157</b>	<b>\$ 202,881,113</b>	<b>\$ 217,919,699</b>

Source: District Records

Notes: For fiscal year 2019, Other Operating Revenues includes a rebate in the amount of \$81,326 received from JP Morgan Chase for credit card purchases.

## Pima County Community College District Financial Trends

**Graph of Revenues by Source**  
Fiscal Years 2011 to 2020



**Pima County Community College District  
Financial Trends**

**Composite Financial Index Summary**

Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>+ Primary Reserve Ratio</b>	0.32	0.16	(0.03)	(0.14)	(0.20)	(0.20)	0.46	0.53	0.54	0.54
/ 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	2.43	1.21	(0.26)	(1.07)	(1.51)	(1.53)	3.44	3.95	4.07	4.07
* Weighting Factor	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
= Ratio Subtotal	0.85	0.42	(0.09)	(0.38)	(0.53)	(0.54)	1.20	1.38	1.43	1.43
<b>+ Return on Net Position / Net Assets Ratio</b>	0.28	0.31	0.20	0.08	(0.02)	(0.09)	(0.03)	(0.01)	0.00	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	10.00	10.00	10.00	4.08	(0.99)	(4.00)	(1.64)	(0.46)	0.11	4.55
* Weighting Factor	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
= Ratio Subtotal	2.00	2.00	2.00	0.82	(0.20)	(0.80)	(0.33)	(0.09)	0.02	0.91
<b>+ Net Operating Revenue Ratio</b>	0.09	0.15	0.08	0.03	(0.01)	(0.04)	(0.04)	(0.02)	0.00	0.08
/ 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	6.71	10.00	6.50	2.20	(0.70)	(3.08)	(3.21)	(1.22)	0.25	6.28
* Weighting Factor	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
= Ratio Subtotal	0.67	1.00	0.65	0.22	(0.07)	(0.31)	(0.32)	(0.12)	0.02	0.63
<b>+ Viability Ratio</b>	1.07	0.44	0	0	0	0	0	76.87	16.56	12.49
/ 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	2.57	1.06	10.00	10.00	10.00	10.00	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	0.90	0.37	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
<b>Composite Financial Index</b>	4.42	3.79	6.06	4.16	2.70	1.86	4.05	4.67	4.97	6.46

*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 2015 have not been adjusted for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. 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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Primary Reserve Ratio:</b>										
Unrestricted Net Position	\$ 13,572	\$ (3,458)	\$ (20,815)	\$ (39,778)	\$ (50,098)	\$ (51,901)	\$ 80,544	\$ 93,663	\$ 100,136	\$ 98,779
Expendable Restricted Net Position	47,634	29,435	12,452	11,340	10,126	8,653	9,092	8,184	7,772	7,719
Unrestricted Net Assets - CU	470	510	300	154	315	272	235	275	284	146
Temporarily Restricted Net Assets - CU	1,510	919	1,948	2,462	1,923	2,200	2,396	2,031	1,879	2,178
<b>Expendable Net Position/Net Assets</b>										
	\$ 63,186	\$ 27,406	\$ (6,115)	\$ (25,822)	\$ (37,734)	\$ (40,776)	\$ 92,267	\$ 104,153	\$ 110,071	\$ 108,822
Operating Expenses	\$ 191,945	\$ 167,712	\$ 175,471	\$ 179,653	\$ 187,148	\$ 199,356	\$ 200,586	\$ 196,335	\$ 201,720	\$ 199,120
Nonoperating Expenses	2,014	1,335	87	22	19	24	359	262	572	903
Elimination of Inter-Entity Amounts	(22)	(127)	(241)	(324)	(383)	(465)	(316)	(320)	(302)	(398)
Total Expenses - CU	1,280	1,698	1,981	1,304	1,152	1,487	1,286	2,001	1,226	1,181
<b>Total Expenses</b>	<b>\$ 195,217</b>	<b>\$ 170,618</b>	<b>\$ 177,299</b>	<b>\$ 180,655</b>	<b>\$ 187,937</b>	<b>\$ 200,402</b>	<b>\$ 201,915</b>	<b>\$ 198,278</b>	<b>\$ 203,216</b>	<b>\$ 200,806</b>
<b>Ratio</b>	<b>0.32</b>	<b>0.16</b>	<b>(0.03)</b>	<b>(0.14)</b>	<b>(0.20)</b>	<b>(0.20)</b>	<b>0.46</b>	<b>0.53</b>	<b>0.54</b>	<b>0.54</b>

*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	\$ 35,144	\$ 30,441	\$ 16,352	\$ 5,605	\$ (1,699)	\$ (7,640)	\$ (8,024)	\$ (2,298)	\$ 589	\$ 17,897
Change in Net Assets - CU	17	(282)	(263)	424	200	(127)	748	230	(82)	767
<b>Change in Net Assets</b>	<b>\$ 35,161</b>	<b>\$ 30,159</b>	<b>\$ 16,090</b>	<b>\$ 6,029</b>	<b>\$ (1,499)</b>	<b>\$ (7,767)</b>	<b>\$ (7,276)</b>	<b>\$ (2,068)</b>	<b>\$ 507</b>	<b>\$ 18,663</b>
Net Position (Beginning of Year)	\$ 118,850	\$ 88,409	\$ 72,057	\$ 66,287	\$ 67,986	\$ 75,626	\$ 215,251	\$ 217,549	\$ 216,959	\$ 199,063
Net Assets (Beginning of Year) - CU	7,513	7,795	8,058	7,634	7,434	7,561	6,813	6,583	6,665	5,898
<b>Net Position/Net Assets (Beginning of Year)</b>	<b>\$ 126,363</b>	<b>\$ 96,204</b>	<b>\$ 80,114</b>	<b>\$ 73,921</b>	<b>\$ 75,420</b>	<b>\$ 83,186</b>	<b>\$ 222,063</b>	<b>\$ 224,131</b>	<b>\$ 223,624</b>	<b>\$ 204,961</b>
<b>Ratio</b>	<b>0.28</b>	<b>0.31</b>	<b>0.20</b>	<b>0.08</b>	<b>(0.02)</b>	<b>(0.09)</b>	<b>(0.03)</b>	<b>(0.01)</b>	<b>0.00</b>	<b>0.09</b>

*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 2015 have not been adjusted for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. 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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Net Operating Revenue</b>										
<b>Ratio:</b>										
Operating Loss	\$ (158,409)	\$ (134,216)	\$ (142,096)	\$ (145,514)	\$ (153,299)	\$ (165,135)	\$ (165,115)	\$ (160,659)	\$ (165,518)	\$ (161,023)
Net Non-Operating Revenues	178,546	164,644	158,368	151,080	151,563	157,359	157,060	157,561	166,041	178,878
Change in Unrestricted Net Assets - CU	(40)	210	93	(248)	42	37	(39)	(9)	138	(1)
<b>Net Operating Income</b>	<b>\$ 20,097</b>	<b>\$ 30,638</b>	<b>\$ 16,365</b>	<b>\$ 5,317</b>	<b>\$ (1,694)</b>	<b>\$ (7,739)</b>	<b>\$ (8,094)</b>	<b>\$ (3,107)</b>	<b>\$ 661</b>	<b>\$ 17,854</b>
Operating Revenues	\$ 33,536	\$ 33,496	\$ 33,375	\$ 34,139	\$ 33,849	\$ 34,221	\$ 35,471	\$ 35,676	\$ 36,202	\$ 38,097
Non-Operating Revenues	195,567	165,992	158,536	151,141	151,620	157,519	157,450	158,623	166,679	179,822
Unrestricted Revenues - CU	1,240	1,908	2,074	1,056	1,167	1,406	1,247	1,992	1,310	1,180
Elimination of Inter-Entity Amounts	(22)	(127)	(241)	(104)	(83)	(115)	(246)	(924)	(131)	(398)
<b>Total Operating Revenue</b>	<b>\$ 230,321</b>	<b>\$ 201,269</b>	<b>\$ 193,744</b>	<b>\$ 186,232</b>	<b>\$ 186,552</b>	<b>\$ 193,031</b>	<b>\$ 193,922</b>	<b>\$ 195,367</b>	<b>\$ 204,060</b>	<b>\$ 218,702</b>
<b>Ratio</b>	<b>0.09</b>	<b>0.15</b>	<b>0.08</b>	<b>0.03</b>	<b>(0.01)</b>	<b>(0.04)</b>	<b>(0.04)</b>	<b>(0.02)</b>	<b>0.00</b>	<b>0.08</b>
<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>										
<b>Viability Ratio:</b>										
Unrestricted Net Position	\$ 13,572	\$ (3,458)	\$ (20,815)	\$ (39,778)	\$ (50,098)	\$ (51,901)	\$ 80,544	\$ 93,663	\$ 100,136	\$ 98,779
Expendable Restricted Net Position	47,634	29,435	12,452	11,340	10,126	8,653	9,092	8,184	7,772	7,719
Unrestricted Net Assets - CU	470	510	300	154	315	272	235	275	284	146
Temporarily Restricted Net Assets - CU	1,510	919	1,948	2,462	1,923	2,200	2,396	2,031	1,879	2,178
<b>Expendable Net Position/ Net Assets</b>	<b>\$ 63,186</b>	<b>\$ 27,406</b>	<b>\$ (6,115)</b>	<b>\$ (25,822)</b>	<b>\$ (37,734)</b>	<b>\$ (40,776)</b>	<b>\$ 92,267</b>	<b>\$ 104,153</b>	<b>\$ 110,071</b>	<b>\$ 108,822</b>
Long-Term Debt	\$ 59,010	\$ 62,179	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,355	\$ 6,645	\$ 8,715
Long-Term Debt - CU	0	0	0	0	0	0	0	0	0	0
<b>Total Debt</b>	<b>\$ 59,010</b>	<b>\$ 62,179</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,355</b>	<b>\$ 6,645</b>	<b>\$ 8,715</b>
<b>Ratio</b>	<b>1.07</b>	<b>0.44</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>76.87</b>	<b>16.56</b>	<b>12.49</b>
<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 2015 have not been adjusted for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. 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*

<b>Fiscal Year/Levy Type <sup>1</sup></b>	<b>Net Assessed Value</b>	<b>Total Direct Tax Rate <sup>2</sup></b>	<b>Limited and Full Cash Values <sup>3</sup></b>	<b>Ratio of Net Assessed to Full Cash Value</b>
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		
2013/2014 Primary	\$7,559,129	1.2746	\$73,262,703	10.32%
2013/2014 Secondary	7,623,691	0.0187	74,590,067	10.22%
Total		1.2933		
2012/2013 Primary	\$8,073,938	1.1484	\$76,085,641	10.61%
2012/2013 Secondary	8,171,212	0.0257	77,731,086	10.51%
Total		1.1741		
2011/2012 Primary	\$8,310,120	1.0846	\$78,036,208	10.65%
2011/2012 Secondary	8,448,282	0.0248	80,152,473	10.54%
Total		1.1094		
2010/2011 Primary	\$8,939,647	0.9755	\$82,348,221	10.86%
2010/2011 Secondary	9,342,561	0.1093	86,228,902	10.83%
Total		1.0848		

**Sources:** Pima County Department of Finance CAFR (Fiscal years 2011-2019. June 30, 2020 statistics were unavailable at time of publication); Pima County Department of Finance (fiscal year 2019-2020 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 <sup>1,4</sup>

<b>Fiscal Year</b>	<b>Original Real Property Tax Levy</b>	<b>Board Ordered Changes thru 6/30/2020</b>	<b>Adjusted Levy</b>	<b>Collections/ Payments Initial Tax Year <sup>2</sup></b>	<b>Percent of Original Levy</b>	<b>Collections/ Payments thru 6/30/2020 <sup>2</sup></b>	<b>Percent of Adjusted Levy</b>	<b>Taxes Receivable as of 6/30/2020 <sup>3</sup></b>
2020	\$ 116,583,759	\$ 0	\$ 116,583,759	\$ 113,856,884	97.66%	\$ 113,856,884	97.66%	\$ 2,726,875
2019	112,789,995	32,732	112,822,727	110,342,172	97.83%	112,567,247	99.77%	255,480
2018	128,257,618	67,964	128,325,582	125,803,451	98.09%	128,095,818	99.82%	229,764
2017	104,106,349	157,038	104,263,387	101,690,985	97.68%	103,965,557	99.71%	297,830
2016	100,655,943	106,609	100,762,552	97,223,208	96.59%	100,512,176	99.75%	250,376
2015	96,201,094	83,277	96,284,371	92,988,525	96.66%	96,003,625	99.71%	280,746
2014	92,461,302	142,180	92,603,482	89,226,779	96.50%	92,221,890	99.59%	381,592
2013	88,643,360	138,953	88,782,313	85,469,057	96.42%	88,413,586	99.58%	368,727
2012	86,335,655	223,293	86,558,948	83,080,271	96.23%	86,179,434	99.56%	379,514
2011	83,858,009	124	83,858,133	79,954,352	95.34%	83,304,078	99.34%	554,055
<b>Totals</b>	<b>\$ 1,009,893,084</b>	<b>\$ 952,170</b>	<b>\$ 1,010,845,254</b>	<b>\$ 979,635,684</b>		<b>\$ 1,005,120,295</b>		<b>\$ 5,724,959</b>

**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, 2020.

(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 2010 - 2019 (District fiscal years 2011 - 2020), total unsecured personal property tax board ordered changes were \$73,246 and collections were \$3,473,022 (including rolls and cycles) through June 30, 2020. The total outstanding unsecured personal property tax levy at June 30, 2020 for the period cited stands at \$2,100,952.



**Pima County Community College District  
Revenue Capacity**

**Schedule of Principal Property Taxpayers**

Most Recent Year and Nine Years Prior as of 2019 <sup>1</sup>

*Dollars in Thousands*

<u>Employer</u>	<u>2019</u>			<u>2010</u>		
	<u>Estimated</u>	<u>Rank</u>	<u>Percent of</u>	<u>Estimated</u>	<u>Rank</u>	<u>Percent of</u>
	<u>Assessed</u>		<u>Total</u>	<u>Assessed</u>		<u>Total</u>
	<u>Value</u> <sup>2</sup>		<u>Assessed</u>	<u>Value</u> <sup>2</sup>		<u>Assessed</u>
			<u>Value</u>			<u>Value</u>
Unisource/Tucson Electric Power Co.	\$217,567	1	2.3%	\$164,363	1	1.8%
Southwest Gas Corporation	\$92,375	2	1.0%	\$65,879	3	0.7%
Phelps Dodge Corp.	\$71,722	3	0.7%	\$89,289	2	1.0%
ASARCO LLC	\$36,335	4	0.4%	\$28,878	5	0.3%
QWEST Corporation	\$35,335	5	0.4%	\$55,076	4	0.6%
Northwest Hospital LLC	\$33,047	6	0.3%	\$17,097	8	0.2%
Sierrita Gas Pipeline LLC	\$28,751	7	0.3%	*		
SMSJ Tucson Holdings, LLC	\$25,005	8	0.3%	*		
DND Neffson Co. (Tucson Mall)	\$23,150	9	0.2%	\$17,715	7	0.2%
Wal-Mart Stores Incorporated	\$23,020	10	0.2%	*		
Trico Electric Co-Op Inc.	*			\$21,208	6	0.2%
Star Pass Resort Developments LLC	*			\$16,582	10	0.2%
Arizona Portland Cement	*			\$16,635	9	0.2%
<b>Total Top Ten</b>	<b>\$586,307</b>		<b>6.1%</b>	<b>\$492,722</b>		<b>5.3%</b>

<sup>2</sup> Secondary Assessed Valuation for Tax Year:      \$9,645,865                                      \$9,342,561

**Source:** Pima County Department of Finance (June 30, 2019 CAFR)

**Notes:** (1) June 30, 2020 statistics were unavailable at time of publication.

\* Taxpayers did not fall within the top 10 for the year identified

**Pima County Community College District  
Revenue Capacity**

**Property Tax Rates, Direct and Overlapping Governments**

Last Ten Fiscal Years (Per \$100 of Assessed Value) <sup>6</sup>

Tax Year	Pima County Community College District <sup>1</sup>	State of Arizona	Central Arizona Water Conservation District	Pima County <sup>2</sup>	Flood Control District <sup>3</sup>	County Library District	Education Assistance	Cortaro- Marana Irrigation District <sup>4</sup>
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
2013	1.2933	0.0000	0.1400	4.4921	0.2635	0.3753	0.5123	69.0000
2012	1.1741	0.0000	0.1000	4.2425	0.2635	0.3460	0.4717	66.0000
2011	1.1094	0.0000	0.1000	4.2396	0.2635	0.3460	0.4259	66.0000
2010	1.0848	0.0000	0.1000	4.1063	0.2635	0.3100	0.3564	66.0000

Tax Year	Flowing Wells Irrigation District <sup>4</sup>	Silverbell Irrigation District <sup>4</sup>	City of Tucson	City of South Tucson	Street Lighting Improvement District	Mobile Home Relocation District <sup>5</sup>	Towns Other <sup>6</sup>	School Districts Range	
								From	To
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
2013	19.3500	3.0000	1.4304	2.9776	10.1900	0.5000	7.0000	1.1287	7.4319
2012	19.3500	3.0000	1.2639	2.7640	9.6038	0.5000	7.0000	1.2484	7.3187
2011	19.3500	3.0000	1.1621	2.6603	0.0000	0.5000	7.0000	1.7682	6.9480
2010	19.3500	3.0000	0.9550	0.1999	0.0000	0.0000	7.0000	1.4797	7.0689

**Source:** Pima County Department of Finance (June 30, 2019 CAFR), June 30, 2020 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 2010 to 2019 figures represent the aggregate rate for the Community Facilities Districts of: Gladden Farms, Vanderbilt Farms, Quail Creek, Gladden Farms Phase II and Saguaro Springs.

**Pima County Community College District  
Revenue Capacity**

**Schedule of Tuition**  
Last Ten Fiscal Years

Academic Year <sup>1</sup>	Full-Time Tuition & Fees <sup>2,3</sup>		Tuition per Credit Hour	
	In State	Out of State	In State	Out of State <sup>4</sup>
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
2014	2,150	10,055	65.50	329.00
2013	2,060	9,725	63.50	319.00
2012	1,910	8,975	58.50	294.00
2011	1,760	8,225	53.50	269.00

**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.

- (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 \$2.00 per credit hour in academic year 2010, \$2.50 per credit hour in academic years 2011 - 2013, and \$3.00 beginning in 2014; technology fees of \$2.00 per credit hour in academic years 2010 - 2013, and \$2.50 per credit hour beginning in academic year 2014.
- (4) Rates shown are for 7 or more credit hours.
- (5) 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.
- (6) Tuition, fees, and refunds are subject to change without notice.
- (7) These rates are NOT intended to represent an estimate of the cost of attending Pima Community College.

**Pima County Community College District  
Debt Capacity**

**Schedule of Ratios of Outstanding Debt**

Last Ten Fiscal Years

*Dollars in Thousands*

	Fiscal Year				
	2020	2019	2018	2017	2016
<b>General Bonded Debt</b>					
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
<b>Other Debt</b>					
Revenue Bonds	61,500	65,449	0	0	0
Capital Lease Obligations	2,952	2,300	1,329	0	0
<b>Total Outstanding Debt</b>	<b>\$ 64,452</b>	<b>\$ 67,749</b>	<b>\$ 1,329</b>	<b>\$ 0</b>	<b>\$ 0</b>
Per Headcount	1.83	1.67	0.03	0	0
Per FTSE	4.65	4.82	0.09	0	0
Per Capita (Pima County)	0.06	0.07	0	0	0

	Fiscal Year				
	2015	2014	2013	2012	2011
<b>General Bonded Debt</b>					
Total General Bonded Debt	\$ 0	\$ 0	\$ 1,355	\$ 3,280	\$ 5,100
Per Headcount	0	0	0.03	0.06	0.08
Per FTSE	0	0	0.07	0.15	0.23
Per Capita (Pima County)	0	0	0	0	0
<b>Other Debt</b>					
Revenue Bonds	0	0	0	0	0
Capital Lease Obligations	0	0	0	3,365	3,615
<b>Total Outstanding Debt</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,355</b>	<b>\$ 6,645</b>	<b>\$ 8,715</b>
Per Headcount	0	0	0.03	0.11	0.14
Per FTSE	0	0	0.07	0.30	0.38
Per Capita (Pima County)	0	0	0	0.01	0.01

**Source:** District Records. Per Capita calculations based on forecasted population from "Arizona's Economy" magazine, Fall Issues. <https://www.azeconomy.org>

**Pima County Community College District  
Debt Capacity**

**Revenue Bond Coverage**  
Last Ten Fiscal Years <sup>1</sup>

Fiscal Year	Gross Revenues <sup>2</sup>	Debt Service Requirements			Coverage
		Principal	Interest	Total	
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
2014	0	0	0	0	N/A
2013	0	0	0	0	N/A
2012	0	0	0	0	N/A
2011	0	0	0	0	N/A
<b>Totals</b>	<b>\$ 77,630,143</b>	<b>\$ 3,270,000</b>	<b>\$ 2,442,758</b>	<b>\$ 5,712,758</b>	

**Source:** District Records

- Notes:** (1) Includes revenue bonds issued in 2019. No revenue bonds were outstanding for previous fiscal years noted.  
(2) Repayment of 2019 revenue bond debt is secured by a pledge of gross revenues as defined by the bond indentures.  
(3) Fiscal Year 2019 had no debt service requirements for revenue bonds issued in 2019.

**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, as of June 30, 2020  
*Dollars in Thousands*

<b>Fiscal Year</b>	<b>General Obligation Bond Debt</b>	<b>Secondary Net Assessed Value</b>	<b>Percent Net General Bond Debt to Assessed Value</b>	<b>Population at July 1</b>	<b>Net General Bonded Debt per Capita</b>
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
2014	0	7,623,691	0.00%	1,007,200	0
2013	1,355	8,171,212	0.02%	996,000	0
2012	3,280	8,448,282	0.04%	990,400	0
2011	5,100	9,342,561	0.05%	986,100	0.01

**Source:** District Records; secondary net assessed values and population from Pima County Department of Finance (Fiscal years 2011-2019, CAFR. June 30, 2020 statistics were unavailable at time of publication); Pima County Department of Finance (Fiscal year 2019-2020 adopted budget), and Fall 2020 issue of "Arizona's Economy", <http://ebr.eller.arizona.edu>.

**Pima County Community College District  
Debt Capacity**

**Computation of Direct and Overlapping Governmental Debt Outstanding**

At June 30, 2019<sup>1</sup>

*Dollars in thousands*

<u>Governmental unit</u>	<u>Debt Outstanding</u>	<u>Amount Overlapping<sup>3</sup></u>
Debt repaid with property tax		
City of Tucson	\$ 148,145	\$ 148,145
School Districts	659,085	<u>659,085</u>
Total Overlapping		<u>\$ 807,230</u>
Debt repaid with property tax		
Pima County <sup>2</sup>	\$ 236,572	\$ 236,572
Pima County Community College District	2,300	<u>2,300</u>
Total Direct		<u>\$ 238,872</u>
Other Debt:		
Certificates of Participation	\$ 124,567	\$ 124,567
Installment note payable	724	724
Transportation bonds	96,916	<u>96,916</u>
Total other debt		<u>\$ 222,207</u>
Total direct, overlapping, and other debt		<u><u>\$ 1,268,309</u></u>

**Source:** District Records and Pima County Department of Finance (June 30, 2019 CAFR)

**Notes:** (1) June 30, 2020 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, as of June 30, 2019

*Dollars in Thousands*

<b>Fiscal Year</b>	<b>Total Overlapping Debt</b>	<b>Secondary Net Assessed Value</b>	<b>Percentage of Assessed Value</b>	<b>Population at July 1 <sup>1</sup></b>	<b>Debt per Capita</b>
2019	\$ 1,268,309	\$ 9,030,169	14.05%	1,042,475	\$ 1.217
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
2013	1,311,417	8,171,212	16.05%	996,000	1.317
2012	1,284,219	8,448,282	15.20%	990,400	1.297
2011	1,335,431	9,342,561	14.29%	986,100	1.353
2010	1,302,802	9,860,981	13.21%	981,200	1.328

**Source:** District records and Pima County Department of Finance (June 30, 2019 CAFR). June 30, 2020 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*

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Assessed Value</b>	\$ 9,645,865	\$ 9,030,169	\$ 8,508,990	\$ 8,262,665	\$ 7,906,190
<b>Legal Debt Margin</b>					
Debt Limit (15% of assessed value)	1,446,880	1,354,525	1,276,348	1,239,400	1,185,929
Debt applicable to limit:					
General obligation bonds	0	0	0	0	0
Leases	2,952	2,300	1,329	0	0
Total net debt applicable to the limit	2,952	2,300	1,329	0	0
<b>Legal debt margin</b>	<b>\$ 1,443,928</b>	<b>\$ 1,352,225</b>	<b>\$ 1,275,019</b>	<b>\$ 1,239,400</b>	<b>\$ 1,185,929</b>
Total net debt applicable to the limit as a percentage of debt limit.	0.20%	0.17%	0.10%	0.00%	0.00%

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Assessed Value</b>	\$ 7,579,899	\$ 7,623,691	\$ 8,171,212	\$ 8,448,282	\$ 9,342,561
<b>Legal Debt Margin</b>					
Debt Limit (15% of assessed value)	1,136,985	1,143,554	1,225,682	1,267,242	1,401,384
Debt applicable to limit:					
General obligation bonds	0	0	1,355	3,280	5,100
Leases	0	0	0	3,365	3,615
Total net debt applicable to the limit	0	-	1,355	6,645	8,715
<b>Legal debt margin</b>	<b>\$ 1,136,985</b>	<b>\$ 1,143,554</b>	<b>\$ 1,224,327</b>	<b>\$ 1,260,597</b>	<b>\$ 1,392,669</b>
Total net debt applicable to the limit as a percentage of debt limit.	0.00%	0.00%	0.11%	0.52%	0.62%

**Source:** District records and Pima County Department of Finance (June 30, 2019 CAFR and FY 2019-2020 Adopted Budget)

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

**Schedule of Principal Employers**

Most Recent Year and Nine Years Prior as of 2020

<u>Employer</u>	<u>2020</u>			<u>2011</u>		
	<u>FTE</u> <sup>1</sup>	<u>Rank</u>	<u>Percent of Total County Employment</u>	<u>FTE</u> <sup>1</sup>	<u>Rank</u>	<u>Percent of Total County Employment</u>
University of Arizona	16,523	1	3.3%	10,481	2	2.2%
Raytheon Missile Systems	12,606	2	2.6%	10,500	1	2.2%
Banner - University Medicine <sup>2</sup>	7,500	3	1.5%	*		
Davis-Monthan Air Force Base	7,211	4	1.5%	8,462	4	1.7%
Pima County	6,937	5	1.4%	6,403	7	1.3%
Tucson Unified School District No. 1	6,872	6	1.4%	6,709	6	1.4%
State of Arizona	6,538	7	1.3%	8,866	3	1.8%
Wal-Mart Stores Inc.	4,564	8	0.9%	7,308	5	1.5%
Tucson Medical Center	4,482	9	0.9%	*		
City of Tucson	4,025	10	0.8%	4,930	10	1.0%
U.S. Army Intelligence Center of Excellence & Fort Huachuca	*			6,225	8	1.3%
Carondelet Health Network	*			5,982	9	1.2%
<b>Total</b>	<b>77,258</b>		<b>15.6%</b>	<b>75,866</b>		<b>15.6%</b>
<b>Total Work Force</b>	<b>494,119</b>			<b>485,800</b>		

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

**Source:** The University of Arizona Comprehensive Annual Financial Report, Fiscal Year 2020.

**Notes:**

- (1) FTE equals approximate full time equivalent employment.
- (2) Formerly UA Healthcare, and, The University of Arizona Health Network.

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

**Schedule of Demographic and Economic Statistics**  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>County Population</b>	<b>Countywide Personal Income (in thousands)</b>	<b>Countywide Personal Income per Capita</b>	<b>Countywide Unemployment Rate</b>
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%
2014	1,002,700	\$37,867,000	\$37,765	6.9%
2013	996,700	\$36,838,000	\$36,960	7.6%
2012	990,300	\$37,000,000	\$37,362	9.7%
2011	976,900	\$36,696,700	\$37,564	9.1%
2010	1,030,700	\$34,974,000	\$33,932	8.6%

**Source:** 2020 Population and personal income data are forecast estimates obtained from "Arizona's Economy" magazine's Forecast Tables. Countywide unemployment rate for June 2020 obtained from "Arizona Economy" magazine's Arizona Economic Indicators for the Tucson Metropolitan Statistical Area (MSA). October 2020: Fall Issue. <http://www.ebr.eller.arizona.edu> and District Records.

**Pima County Community College District  
Operating Information**

**Administrators, Faculty and Staff Statistics**

Last Ten Fiscal Years

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Administrators</b>										
Regular	47	45	50	48	51	56	56	55	54	53
<b>Faculty</b>										
Regular	301	327	347	360	391	390	391	391	391	392
Adjunct	568	558	551	516	519	547	569	630	692	772
<b>Staff</b>										
Regular	987	987	1,058	1,084	1,121	1,090	1,051	1,019	1,059	1,037
Temporary	145	139	139	141	144	157	168	162	192	197
Student	26	22	27	26	25	35	38	39	39	33

**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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Students Statistics</b> <sup>2,3</sup>										
Part-Time %	70%	69%	68%	69%	68%	68%	67%	66%	66%	66%
Full-Time %	30%	31%	32%	31%	32%	32%	33%	34%	34%	34%
Degrees Awarded	2,050	2,278	2,351	2,585	2,626	2,721	2,644	2,634	2,549	2,282
Certificates Awarded	2,874	2,852	3,018	3,062	3,365	3,013	2,880	2,856	2,622	2,775
<b>Ethnicity</b>										
Hispanic/Latino %	46%	44%	41%	41%	41%	39%	38%	36%	33%	30%
Black or African American %	5%	5%	5%	5%	4%	4%	5%	5%	5%	4%
Asian %	3%	3%	3%	3%	3%	3%	3%	4%	4%	4%
American Indian or Alaska Native %	2%	2%	2%	2%	2%	2%	2%	2%	3%	2%
Two or More Races %	2%	2%	4%	4%	4%	3%	3%	3%	3%	4%
White %	36%	38%	41%	41%	42%	43%	45%	47%	47%	47%
Not Reported %	6%	6%	4%	4%	4%	6%	4%	3%	5%	9%
<b>Gender</b>										
Male %	42%	43%	43%	44%	44%	44%	45%	45%	44%	44%
Female %	56%	51%	51%	50%	50%	51%	51%	52%	53%	54%
Not Reported %	2%	6%	6%	6%	6%	5%	4%	3%	3%	2%

**Source:** District Records

**Note:** (1) Starting in Fall 2010, PCCCD transitioned to new race/ethnicity categories as mandated by the Federal Integrated Postsecondary Education Data System. A survey was carried out during Fall 2010 in which students were asked if they were Hispanic or Latino and to select one or more of five race categories. If they selected "Yes" to Hispanic/Latino then they are counted in that category. If they responded "No", they were counted in the other categories. Students could choose more than one race and those students are reported as "Two or More Races." If students did not respond to the survey, they were mapped to the new categories based on data from previous semesters (if available). All other students were reported as unknown.

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

(3) 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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Headcount</b>										
<b>Total District</b>	35,128	40,557	40,983	41,976	42,787	44,513	49,504	53,550	59,303	62,973

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>FTSE</b>										
<b>Campus</b>										
Community*	3,910	3,588	3,351	2,963	2,264	2,145	2,255	2,500	2,688	2,902
Desert Vista	1,385	1,215	1,291	1,358	1,728	1,749	1,882	1,998	2,317	2,373
Downtown	2,003	2,079	2,341	2,517	2,655	2,948	3,411	3,773	4,271	4,441
East	1,472	1,568	1,730	1,804	2,152	2,437	2,652	2,845	3,302	3,520
Northwest	1,262	1,323	1,497	1,543	1,663	1,972	2,182	2,382	2,881	2,987
West	3,425	3,600	3,777	3,704	4,091	4,358	4,747	5,188	5,702	5,886
Center for Training & Development	0	214	197	255	235	201	245	256	296	342
Public Safety Institute	417	471	600	635	594	648	589	572	570	455
<b>Total District</b>	<b>13,874</b>	<b>14,058</b>	<b>14,784</b>	<b>14,779</b>	<b>15,382</b>	<b>16,458</b>	<b>17,963</b>	<b>19,514</b>	<b>22,027</b>	<b>22,906</b>

**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				
	2020	2019	2018	2017	2016
Computer / Audio Visual	\$ 7,614,159	\$ 6,151,466	\$ 6,261,708	\$ 6,941,501	\$ 7,151,494
Education & Recreation	1,084,003	1,050,203	1,041,380	1,041,380	809,372
Library Books	6,688,150	6,662,764	6,630,026	7,052,667	7,307,717
Medical & Technical	11,370,781	10,905,113	11,840,597	11,206,162	10,765,663
Office Equipment & Furniture	351,935	325,043	285,676	158,526	199,884
Other	6,983,795	6,730,333	5,538,675	4,874,522	4,675,145
Physical Plant	1,061,313	1,061,313	1,672,125	1,782,590	1,881,053
Vehicles	5,004,790	4,387,332	3,928,535	3,816,431	3,766,376
Buildings	181,680,716	190,452,158	190,452,158	190,452,158	190,452,158
Construction in Progress	16,080,909	5,836,825	2,361,583	47,392	0
Land	10,954,401	10,971,088	10,971,088	10,971,088	10,971,088
Land Improvements	4,293,105	4,320,223	4,320,223	4,320,223	4,320,223
Leasehold Improvements	3,260,062	3,260,062	3,260,062	3,260,062	3,260,062
	<u>\$ 256,428,119</u>	<u>\$ 252,113,923</u>	<u>\$ 248,563,836</u>	<u>\$ 245,924,702</u>	<u>\$ 245,560,235</u>

	Fiscal Year				
	2015	2014	2013	2012	2011
Computer / Audio Visual	\$ 7,035,466	\$ 6,920,823	\$ 7,923,704	\$ 8,025,772	\$ 8,417,256
Education & Recreation	837,034	923,817	1,217,677	1,192,609	1,113,565
Library Books	7,165,411	7,322,133	7,401,241	7,248,861	7,089,440
Medical & Technical	9,992,965	8,661,480	7,390,865	6,033,567	5,421,527
Office Equipment & Furniture	216,382	250,107	421,304	479,842	563,088
Other	3,933,473	3,507,462	3,218,678	2,259,692	2,134,436
Physical Plant	2,006,180	1,980,542	2,127,709	2,242,208	2,242,137
Vehicles	3,720,857	3,664,253	3,606,332	3,441,151	3,332,506
Buildings	189,947,916	189,670,381	178,676,673	178,480,684	178,480,684
Construction in Progress	0	0	3,851,830	1,450,322	171,778
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
Leasehold Improvements	3,260,062	3,260,062	3,260,062	3,260,062	3,385,100
	<u>\$ 243,407,057</u>	<u>\$ 241,452,371</u>	<u>\$ 234,387,387</u>	<u>\$ 229,406,080</u>	<u>\$ 227,642,828</u>

**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.

<b>Fiscal Year</b>	<b>Statutory Expenditure Limitation <sup>1</sup></b>	<b>Budgeted Expenditures Subject to the Limitation <sup>2</sup></b>	<b>Unused Legal Limit</b>
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
2012	\$ 125,892,320	\$ 125,892,319	\$ 1
2011	\$ 122,989,612	\$ 122,989,611	\$ 1
2010	\$ 105,379,583	\$ 105,379,582	\$ 1
2009	\$ 98,068,940	\$ 98,068,939	\$ 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.



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](mailto: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](http://www.pima.edu).