

# Pima County Community College District

Annual Budgeted Expenditure  
Limitation Report

Year Ended June 30, 2022

A Report to the Arizona Legislature

Lindsey A. Perry  
Auditor General





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LINDSEY A. PERRY  
AUDITOR GENERAL

ARIZONA  
AUDITOR GENERAL

MELANIE M. CHESNEY  
DEPUTY AUDITOR GENERAL

## Independent accountants' report

Members of the Arizona State Legislature

The Governing Board of  
Pima County Community College District

We have examined the accompanying Annual Budgeted Expenditure Limitation Report (report) of Pima County Community College District for the year ended June 30, 2022, and the related notes to the report. The District's management is responsible for presenting this report in accordance with the Uniform Expenditure Reporting System as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the Uniform Expenditure Reporting System in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Annual Budgeted Expenditure Limitation Report referred to above is presented in accordance with the Uniform Expenditure Reporting System as described in Note 1 in all material respects.

*Stephanie Gerber*

Stephanie Gerber, CPA  
Director, Financial Audit Division

March 23, 2023

**Pima County Community College District  
Annual Budgeted Expenditure Limitation Report—Part I  
Year ended June 30, 2022**

1. Economic Estimates Commission expenditure limitation	\$138,825,309
2. Total amount subject to the limitation (from Part II, line C)	<u>138,825,308</u>
3. Amount under the expenditure limitation	<u>\$ 1</u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the Uniform Expenditure Reporting System.

Signature of chief fiscal officer: 

Name and title: David W. Bea, Executive Vice Chancellor for Finance and Administration

Telephone number: (520) 206-4519 Date: March 23, 2023

See accompanying notes to report.

**Pima County Community College District**  
**Annual Budgeted Expenditure Limitation Report—Part II**  
**Year ended June 30, 2022**

Description	Current funds			Plant funds		Total
	Unrestricted		Restricted	Unexpended	Retirement of indebtedness	
	General	Auxiliary enterprises				
A. Total budgeted expenditures	\$ 151,496,061	\$ 827,821	\$ 64,866,340	\$ 41,636,831	\$ 5,772,372	\$ 264,599,425
B. Less exclusions claimed:						
Debt service requirements (Note 2)					5,630,435	5,630,435
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)			40,337	12,349	266	52,952
Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts (Note 4)	13,378,869		62,436,771	1,152,738		76,968,378
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 4)	14,261	10,000	1,765,034			1,789,295
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 5)				7,668,978		7,668,978
Contracts with other political subdivisions or tribal governments (Note 4)	3,514,640	209,720				3,724,360
Tuition and fees (Notes 4 and 6)	4,518,633	82,134	555,350	774,788		5,930,905
Refunds, reimbursements, and other recoveries (Note 8)	496,120					496,120
Amounts earned through research and entrepreneurial activities (Notes 4 and 7)	66,256	219,521				285,777
Amounts received from the State of Arizona for workforce development in accordance with A.R.S. §15-1472	3,840,596					3,840,596
Prior years carryforward (Note 9)			18,220	19,368,101		19,386,321
Total exclusions claimed	<u>25,829,375</u>	<u>521,375</u>	<u>64,815,712</u>	<u>28,976,954</u>	<u>5,630,701</u>	<u>125,774,117</u>
C. Amounts subject to the expenditure limitation	<u>\$ 125,666,686</u>	<u>\$ 306,446</u>	<u>\$ 50,628</u>	<u>\$ 12,659,877</u>	<u>\$ 141,671</u>	<u>\$ 138,825,308</u>

See accompanying notes to report.

**Pima County Community College District  
Notes to Annual Budgeted Expenditure Limitation Report  
Year ended June 30, 2022**

**Note 1 - Summary of significant accounting policies**

The Annual Budgeted Expenditure Limitation Report (ABELR) is presented as prescribed by the Uniform Expenditure Reporting System (UERS), as required by Arizona Revised Statutes (A.R.S.) §41-1279.07. The ABELR excludes expenditures of certain revenues specified in the Arizona Constitution, Article IX, §21, and A.R.S. §§15-792.03, 15-795.01, 15-1444, and 15-1472, as applicable, from the total budgeted expenditures.

The information reported in both the ABELR and the financial statements is derived from the same underlying accounting data. However, the formats of the ABELR and the financial statements differ. The ABELR presents budgeted expenditures, exclusions, and amounts subject to the limitation by fund type as required by A.R.S. §41-1279.07. The financial statements present the net position, changes in net position, and cash flows in accordance with U.S. generally accepted accounting principles.

In accordance with the UERS requirements, a note to the ABELR is presented below for any exclusion reported in the total column on part II that cannot be traced directly to an amount reported in the annual financial statements.

**Note 2**

The \$5,630,435 exclusion claimed for debt service requirements includes principal and interest paid on capital debt of \$3,034,084 and \$2,596,351 respectively. The interest exclusion is included within the \$1,948,384 interest expense amount reported on the statement of revenues, expenses and changes in net position—primary government which is net of a \$647,967 amortization of bond premium.

**Note 3**

Of the combined (\$3,312,543) reported as negative investment income on the statement of revenues, expenses, and changes in net position—primary government, \$52,952 was revenue received and expended and claimed as an exclusion for dividends, interest, and gains on the sale or redemption of investment securities. The remaining (\$3,365,495) was not excludable.

**Note 4**

The following schedule presents revenues from which exclusions have been claimed for government grants, aid, contributions, and contracts:

**Statement of revenues, expenses, and changes in net position—primary government:**

Federal grants	\$77,840,182
State appropriations	8,699,822
State and local grants	1,902,409
Contracts	4,064,839
Gifts	1,183,919
Commissions and rents	<u>287,579</u>
Total	<u>\$93,978,750</u>

# Pima County Community College District

## Notes to Annual Budgeted Expenditure Limitation Report

### Year ended June 30, 2022

#### Annual Budgeted Expenditure Limitation Report:

Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts	\$76,968,378
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	1,789,295
Contracts with other political subdivisions or tribal governments (Contracts)	3,514,640
Contracts with other political subdivisions or tribal governments (Commissions and rents)	209,720
Tuition and fees (Contracts)	549,254
Tuition and fees (State and local grants)	70,619
Tuition and fees (Commissions and rents)	82,134
Amounts earned through research and entrepreneurial activities (Commissions and rents)	<u>90,697</u>
Total exclusions claimed	<u>83,274,737</u>
Other revenues (nonexcludable)	160,655
Amount carried forward	<u>10,543,358</u>
Total	<u>\$93,978,750</u>

#### Note 5

The Pima County Community College District Governing Board approved the accumulation of money for the purpose of purchasing land or buildings, or construction of buildings or improvements. Of the \$27,037,079 expended for construction in progress, \$7,668,978 was claimed as an exclusion. The remaining \$19,368,101 was claimed as a prior year carryforward exclusion under bond proceeds, see Note 9.

#### Note 6

The District does not budget tuition and fees revenue net of scholarship allowances. The exclusion claimed for tuition and fees of \$5,930,905 consists of \$5,228,898 in gross tuition and fees reported on the statement of revenues, expenses and changes in net position—primary government that was expended and claimed as an exclusion. As shown in Note 4, the amount expended and excluded for tuition and fees also includes \$549,254 in contract instruction tuition, \$70,619 in state and local grants, and \$82,134 of athletic ticket sales reported in commission and rents on the statement of revenues, expenses and changes in net position—primary government. Unspent, excludable revenues of \$27,206,717 have been carried forward to future years. The remaining \$3,163,164 was not excludable revenue.

#### Note 7

The exclusion claimed for amounts earned through research and entrepreneurial activities of \$285,777 consists of expended commissions and rents revenue of \$90,697 as shown in Note 4 and other operating revenue of \$195,080 reported on the statement of revenues, expenses, and changes in net position—primary government.



**Pima County Community College District**  
**Notes to Annual Budgeted Expenditure Limitation Report**  
**Year ended June 30, 2022**

**Note 8**

Amounts received for refunds, reimbursements, and other recoveries are included in other operating revenues on the statement of revenues, expenses, and changes in net position—primary government. Of these excludable revenues, \$496,120 was expended and claimed as an exclusion.

**Note 9**

Prior years carryforward consists of constitutionally excludable revenues unexpended in the year of receipt that have been accumulated and were expended in the current year as follows:

<b>Description</b>	<b>Current Restricted Fund</b>	<b>Unexpended Plant Fund</b>
Debt proceeds		\$19,368,101
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	<u>\$18,220</u>	
Total prior years carryforward expended	<u>\$18,220</u>	<u>\$19,368,101</u>

**Note 10**

Revenues that are constitutionally excludable and unexpended in the year of receipt may be accumulated and excluded in future years. A summary of the excludable revenue sources and the changes in those balances is shown in the table below:

<b>Description</b>	<b>Balance June 30, 2021</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2022</b>
Debt proceeds	\$ 36,354,724		\$19,368,101	\$ 16,986,623
Dividends, interest, and gains on the sale or redemption of investment securities	495,810			495,810
Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts	1,684,218	\$10,504,313		12,188,531
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	105,357	163	18,220	87,300
Tuition and fees	72,641,953	27,245,599		99,887,552
Amounts received from the State of Arizona for workforce development in accordance with A.R.S. §15-1472	<u>1,821,520</u>			<u>1,821,520</u>
Total carryforward	<u>\$113,103,582</u>	<u>\$37,750,075</u>	<u>\$19,386,321</u>	<u>\$131,467,336</u>

