

# Pima County Community College District

Annual Budgeted Expenditure  
Limitation Report

Year Ended June 30, 2020



A Report to the Arizona Legislature

Lindsey A. Perry  
Auditor General





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## Audit Staff

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**LINDSEY A. PERRY**  
AUDITOR GENERAL

**ARIZONA**  
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## 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, 2020, 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.

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.

Donna Miller, CPA  
Director, Financial Audit Division

March 31, 2021

**Pima County Community College District  
Annual Budgeted Expenditure Limitation Report—Part I  
Year ended June 30, 2020**

1. Economic Estimates Commission expenditure limitation	\$101,393,690
2. Total amount subject to the limitation (from part II, line C)	<u>101,393,689</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: (Signature removed for website presentation.)

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

Telephone number: (520) 206-4519 Date: March 31, 2021

See accompanying notes to report.

**Pima County Community College District**  
**Annual Budgeted Expenditure Limitation Report—Part II**  
**Year ended June 30, 2020**

Description	Current funds			Plant funds		Total
	Unrestricted		Restricted	Unexpended	Retirement of indebtedness	
	General	Auxiliary enterprises				
A. Total budgeted expenditures	\$ 142,849,545	\$ 899,697	\$ 49,388,196	\$ 24,579,553	\$ 6,538,042	\$ 224,255,033
B. Less exclusions claimed:						
Debt service requirements (Note 2)					6,536,304	6,536,304
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	4,642,321			1,375,298	1,738	6,019,357
Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts (Note 4)			48,153,322			48,153,322
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 4)	801	10,000	272,875			283,676
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 5)				1,108,835		1,108,835
Contracts with other political subdivisions or tribal governments (Note 4)	2,443,117	150,178				2,593,295
Tuition and fees (Note 6)	44,241,649	389,906	518,165	1,007,467		46,157,187
Refunds, reimbursements, and other recoveries (Note 8)	207,397			32,224		239,621
Amounts earned through research and entrepreneurial activities (Note 7)	129,192	237,245				366,437
Amounts received from the State of Arizona for workforce development in accordance with A.R.S. §15-1472 (Note 9)				2,015,971		2,015,971
Prior years carryforward (Note 10)		83,971	134,382	9,168,986		9,387,339
Total exclusions claimed	<u>51,664,477</u>	<u>871,300</u>	<u>49,078,744</u>	<u>14,708,781</u>	<u>6,538,042</u>	<u>122,861,344</u>
C. Amounts subject to the expenditure limitation	<u>\$ 91,185,068</u>	<u>\$ 28,397</u>	<u>\$ 309,452</u>	<u>\$ 9,870,772</u>	<u>\$ -</u>	<u>\$ 101,393,689</u>

See accompanying notes to report.

# **Pima County Community College District**

## **Notes to Annual Budgeted Expenditure Limitation Report**

### **Year ended June 30, 2020**

#### **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 \$6,536,304 exclusion claimed for debt service requirements includes principal and interest paid on capital debt of \$3,794,358 and \$2,741,946, respectively. The interest exclusion is reported within the \$2,013,973 interest expense amount on the statement of revenues, expenses and changes in net position—primary government which is net of a \$727,973 amortization of bond premium.

#### **Note 3**

The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$6,019,357 consists of expended investment income reported on the statement of revenues, expenses, and changes in net position—primary government. The remaining investment income of \$273,683 has been carried forward to future years.

#### **Note 4**

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

**Pima County Community College District  
Notes to Annual Budgeted Expenditure Limitation Report  
Year ended June 30, 2020**

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

Federal grants	\$47,070,759
State and local grants	1,141,525
Contracts	2,853,094
Gifts	311,395
Commissions and rents	<u>621,796</u>
Total	<u>\$51,998,569</u>

**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	\$48,153,322
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	283,676
Contracts with other political subdivisions or tribal governments (Contracts)	2,443,117
Contracts with other political subdivisions or tribal governments (Commissions and rents)	150,178
Tuition and fees (Contracts)	301,515
Tuition and fees (Commissions and rents)	339,142
Amounts earned through research and entrepreneurial activities	<u>132,476</u>
Total exclusions claimed	<u>51,803,426</u>
Other revenues (nonexcludable)	167,424
Amount carried forward	<u>27,719</u>
Total	<u>\$51,998,569</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 \$10,277,822 expended for construction in progress, \$1,108,835 was claimed as an exclusion. The remaining \$9,168,986 was claimed as a prior year carryforward exclusion under bond proceeds, see Note 10.

**Note 6**

The District does not budget tuition and fees revenue net of scholarship allowances. Of the gross tuition and fees of \$45,054,907 reported on the statement of revenues, expenses and changes in net position—primary government, the entire amount was expended and claimed as an exclusion. In addition, \$301,515 of the exclusion claimed for tuition and fees is reported as part of the \$2,853,094 in contracts on the statement of revenues, expenses and changes in net position—primary government and was expended from contract instruction tuition. Finally, \$800,765 of the exclusion claimed for tuition and fees consists of amounts expended from bookstore, concessions, and athletic ticket sales of which \$339,142 was included in commissions and rents and the remaining \$461,623 was included in other operating revenues 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, 2020**

**Note 7**

The exclusion claimed for amounts earned through research and entrepreneurial activities of \$366,437 consists of expended commissions and rents revenue of \$132,476 and other operating revenue of \$233,961 reported on the statement of revenues, expenses, and changes in net position—primary government.

**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, \$239,621 was expended and claimed as an exclusion.

**Note 9**

Amounts received from the State of Arizona for workforce development in accordance with A.R.S. §15-1472 are reported as the share of state sales taxes on the statement of revenues, expenses and changes in net position—primary government. Of these excludable revenues, only \$2,015,971 was expended and claimed as an exclusion. The remaining \$818,773 has been carried forward to future years.

**Note 10**

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:

Description	Current Auxiliary Fund	Current Restricted Fund	Unexpended Plant Fund
Contracts with other political subdivisions or tribal governments	\$83,971		
Debt Proceeds			\$9,168,986
Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts		<u>\$134,382</u>	
Total prior years carryforward expended	<u>\$83,971</u>	<u>\$134,382</u>	<u>\$9,168,986</u>

