



# Annual Comprehensive Financial Report

FISCAL YEAR  
ENDED JUNE 30

# 2023







**PimaCountyCommunityCollegeDistrict**

## **Annual Comprehensive Financial Report**

Fiscal Year Ended June 30, 2023

Prepared by

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

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# Introductory Section



PimaCountyCommunityCollegeDistrict





## PimaCountyCommunityCollegeDistrict

### Office of the Chancellor

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4905C East Broadway Boulevard  
Tucson, Arizona 85709-1005  
Telephone (520) 206-4770  
TTY (520) 206-4817  
Fax (520) 206-4090  
[www.pima.edu](http://www.pima.edu)

To the citizens of Pima County:

During the 2022-2023 academic year, Pima Community College continued to improve so that we offer the best opportunities for our learners, employees, and community.

An institution's finances reflect its values, and this Annual Comprehensive Financial Report documents the College's focus on our Mission: to empower every learner, every day, for every goal. 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.

Our Centers of Excellence (CoE), funded through the issuance in January 2019 of \$65 million in revenue bonds, are a dynamic series of initiatives in various stages of development. In May 2023 at Downtown Campus, we cut the ribbon on a three-story, 100,000-square-foot Advanced Manufacturing Building that provides state-of-the-art training in Welding/Fabrication, Computer-Aided Design, Optics and other high-technology occupations. At our West Campus, construction on a larger, reimagined Health Professions CoE is underway. We plan to offer classes in new labs for learners in Chemistry, Microbiology and other disciplines. At Northwest Campus, our Strategic Plan for the College's Science and Engineering CoE includes academic pathways in Climate Action and Sustainability.

The 2022-23 school year saw the continued growth of micro-pathways. These courses, whose curriculum is designed in collaboration with the region's employers, can be completed in as little as three months. Branded as *PimaFastTrack*, the courses provide adult learners with skills and industry-recognized credentials needed to get high-wage jobs in growing economic sectors, such as IT/Cybersecurity and Automotive Technology.

In 2024, the College will submit a comprehensive report to the Higher Learning Commission, our accreditor. Accreditation is an important indicator for current students, prospective students, employees and the community that a college is operating acceptably. We welcome the opportunity to demonstrate Pima at its best and are confident our accreditation will be reaffirmed.

This Report analyzes the College's finances and offers extensive information in a format that has earned the College awards for 31 consecutive years. My thanks go to Executive Vice Chancellor Dr. David Bea and Finance and Business Services staff for preparing this Report and the extensive supplemental financial information available on the College's website.

Pima Community College seeks an equitable society that will bring economic mobility to all constituents of our diverse communities.

With gratitude,

*Dolores Durán-Cerda*

Dolores Durán-Cerda, Ph.D., Interim Chancellor



## PimaCountyCommunityCollegeDistrict

### District Office

Office of the Executive Vice Chancellor  
for Finance and Administration  
4905D East Broadway Boulevard  
Tucson, Arizona 85709-1200  
Telephone (520) 206-4519  
Fax (520) 206-4516  
[www.pima.edu](http://www.pima.edu)

December 18, 2023

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

We are pleased to provide you with the Annual Comprehensive Financial Report (ACFR) of the Pima County Community College District (the College), Tucson, Arizona for the fiscal year ended June 30, 2023.

To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position, results of operations, and cash flows of the College. All disclosures necessary to enable the reader to gain an understanding of the College's financial activities have been included. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the College.

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

### Reporting Entity

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

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

### History

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

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

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

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

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

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

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

## **Organization and Administration**

The Governing Board of the College is comprised of five members. Each member is elected for a six-year term from one of the five Districts in Pima County, the College's service area. The administrative staff of the College, led by the Chancellor, is responsible for the operation and administration of all College functions. During fiscal year 2023, the College was led by Lee D. Lambert, J.D., who had been Chancellor of the College since July 1, 2013. On July 1st, Dr. Dolores Duran-Cerda began serving as Interim Chancellor.

## **Service Area**

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

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

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

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

### **Economic Condition**

Forecasts prepared by the Economic & Business Research Center at The University of Arizona’s Eller College of Management indicate that overall the Arizona economy is showing continued solid gains and although the growth rate slows in the near term, in the long run Arizona is projected to far outpace national growth. Employment continued to recover during 2023 as jobs in Arizona were back on their pre-pandemic trends and job gains as of June 2023 indicated that Arizona had surpassed the pre-pandemic levels with gains in all sectors except information and government. The long-run outlook is for continued growth, although at a slower pace than the prior 30 years.

Housing retreated during the year with housing permit activity down as housing affordability plummeted in the State and mortgage interest rates more than doubled. Overall, the housing market remained cooler than usual this year due to a combination of low inventory and higher borrowing costs. According to year over year data published in June 2023 by the Tucson Association of Realtors, housing units closed sales decreased by 17.2 percent while the median sales price of units sold increased by 2.7 percent. As the available homes for sale decreased by 15.0 percent, buyers struggled with declining affordability amid the available inventory.

Arizona job growth is forecasted to decelerate from 2.3 percent in 2023 to 2 percent in 2024 and 2025 with a modest increase in the unemployment rate in the near term reflecting slower national growth. The state is projected to add jobs at an annual rate of 1.2 percent from 2023 to 2053, faster than the national pace of 0.3 percent, with the population growing at 1 percent per year during this period, also faster than the nation rate of 0.4 percent per year. Population gains remain solid in the near term with increases driven by net migration gains as natural increase decelerates. Pima County’s population was projected to increase by 0.9 percent in 2023, followed by forecasted gains of 0.7 percent projected for 2024 and 2025, respectively. With 497,898 persons employed in Pima County as of July 2023, employment trends showed the unemployment rate of 4.1 percent was slightly above the state rate of 3.6 percent. Economic productivity is significantly influenced by investment in human capital, primarily education, which will generate stronger job, population, and income growth to help reduce the existing income gap with the nation. Investments in education as well as infrastructure will also be important to accommodate future growth.

### **Long-term Financial Planning**

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

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

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

The major factors affecting the College budget in fiscal year 2023 included the continued expectation of minimal state appropriations, flat enrollment, 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 include reviewing capital expenses for alignment with the Strategic Plan, and program innovation as determined by the College’s Educational Master Plan and Facilities Master Plan.

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

**Major Program Initiatives**

*Centers of Excellence*

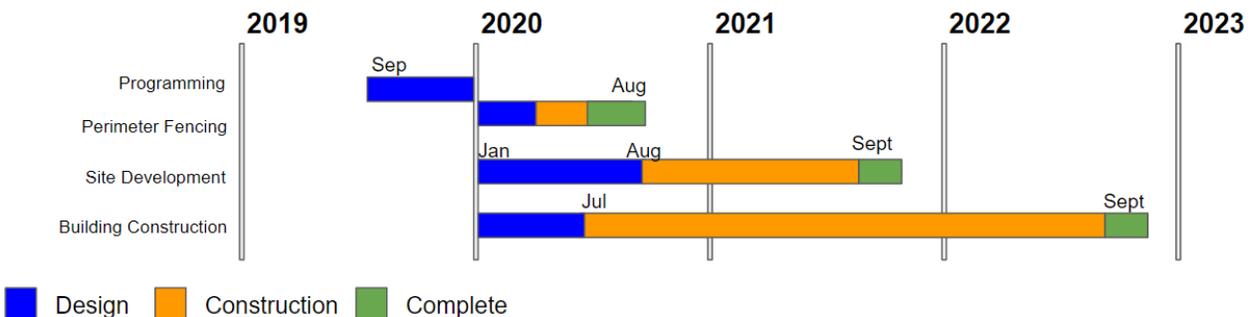
During fiscal year 2023, work continued on several capital projects related to the College’s approved Educational Master Plan and Facilities Master Plan. These strategic investments will provide premier educational facilities to prepare students for future success in their fields of study and in the workforce. However, due to continuing pandemic issues the College encountered supply chain and labor shortages which led to unforeseen expenses and changes to pedagogy. Although there were no material changes in the scope of these projects, 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*

The College completed the Aviation Technology Center expansion and construction in September and the expanded facilities opened in October. The construction was funded in part by a State capital appropriation of \$15 million and the projects total cost was approximately \$18.6 million. The expansion nearly doubled the Aviation Technology Center footprint and helped reduce the one-year wait time for students’ admission into the aviation program. With the first group of students completing the program in April, the expansion is already providing more graduates to fill high-quality jobs while enhancing the State’s goals of attracting business in the aviation, aerospace, and defense sectors.

*Construction Timeline*

**Aviation Technology Center**



Estimated Project Timeline

*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 first new building was the Automotive Technology and Innovation Center and it is fully completed and in use by the College. The second new building is the Advanced Manufacturing Building, and it was completed in August 2023. With the completion of equipment and furnishings being moved into the new building, the Applied Technology Center will allow the College to expand critical programs in manufacturing, welding, and automotive technology and will transform the campus and surrounding neighborhood. Both facilities include technological advancements to support hybrid, distance, and online education. The final phase of the Applied Technology Center expansion is the Science and Technology renovation with design discussions occurring in the Fall of 2023.

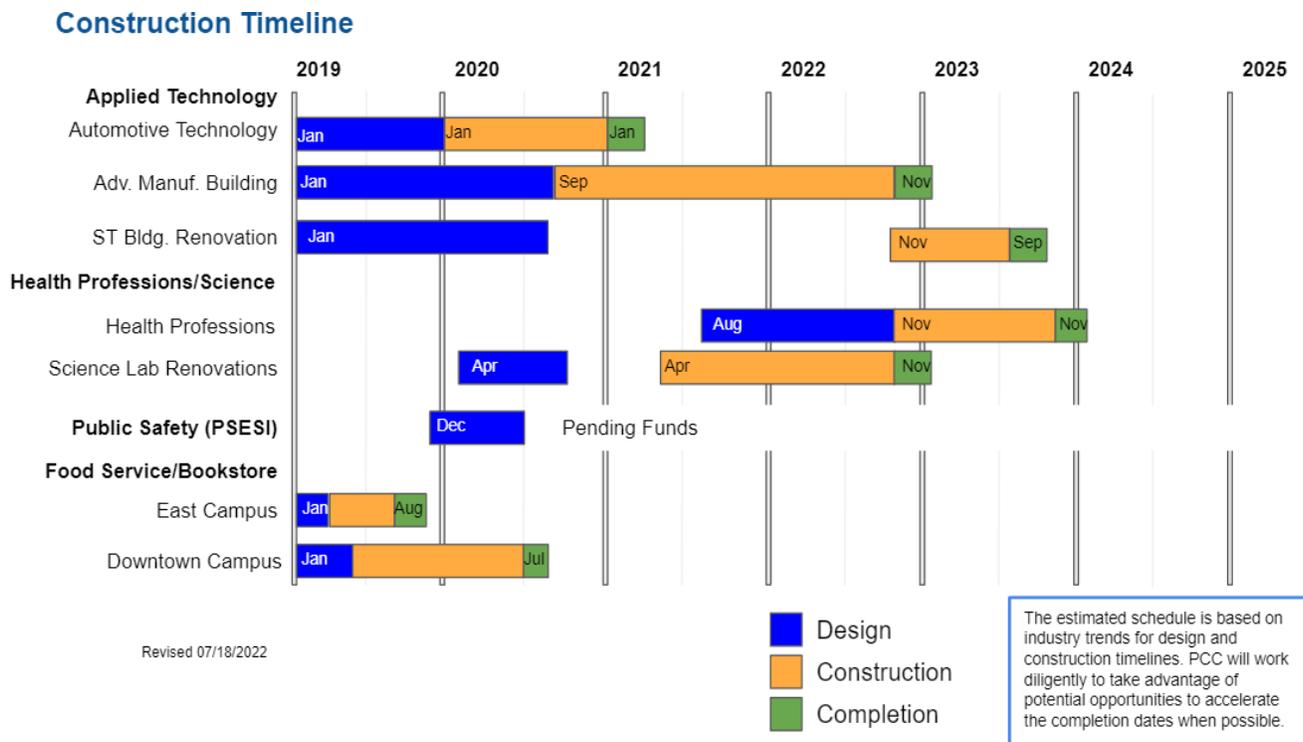
*West Campus - Health Professions (formerly 'Allied Health')/Science Labs*

The College contracted with BWS Architects to provide an assessment of the existing West Campus nursing and science labs and to complete a space programming study. After reviewing the various options, the College decided to renovate the existing West Campus facilities and to fund the construction using capital reserves. Construction of the Science Labs renovation was 95% complete and expected to be finalized in the fall of 2023. The Health Professions building renovation design was finalized and construction is scheduled to begin in the late summer of 2023.

*East Campus and 29<sup>th</sup> Street Coalition Center - Public Safety and Emergency Services Institute (PSESI)*

The College contracted with architectural firm SWAIM to provide an assessment of the existing East Campus and 29<sup>th</sup> Street Coalition Center public safety and emergency services programs. The College previously completed the space programming study and determined to move the PSESI program and related construction from the 29<sup>th</sup> Street Coalition Center to the East Campus. With the new location determined, both the program needs for PSESI and those for existing programs that could be potentially displaced are being reevaluated, and the final project funding and updated construction timelines are being further evaluated.

*Construction Timeline*



In addition, the College has completed major improvements in safety and security and completed maintenance projects, including several HVAC related projects and corresponding infrastructure. The College continues significant climate and sustainability related energy and water conservation projects across all existing locations, including the Comprehensive Integrated Energy Management Program and related Learning Lab. These deferred maintenance and improvements projects are funded through capital reserves and capital leases.

### *Industry Partnerships*

The College has worked extensively to integrate industry partnerships in order to ensure that meaningful changes are made to traditional curriculum, instructional practices, and processes to best support the needs of the community. The College has approximately 700 active partnerships with employers, with plans to expand. These robust relationships between the College and local industry are critical to building strong workforce development programs for students and supporting economic development in Southern Arizona. Through active business development and engagement, advisory committees, grants, and College events, industry partners play a key role in curriculum development and credential validation, which ensures graduates have the skills necessary to earn high paying jobs and supports the development of a labor pool that meets employer needs. The 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.

### *COVID-19 Response*

In May 2023 the federal COVID declaration ended and the College resumed normal operations. Throughout the academic year the College continued its significant commitments to support students and continue the delivery of education and services from the onset of the pandemic. In previous fiscal years, the College received approximately \$75.2 million in federal Higher Education Emergency Relief Funds (HEERF), which were intended for direct student aid and institutional costs. The funds were allocated through the Coronavirus Aid, Relief and Economic Security Act (CARES ACT, also known as HEERF I), the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA, or HEERF II), and the American Rescue Plan Act (ARPA, or HEERF III). During the fiscal year the College completed both the distribution of funds to students and utilization of institutional funds for information technology upgrades to ensure student success through virtual learning. The large investment in IT infrastructure through the replacement of fiber optic cabling, network equipment, and software upgrades will continue to support virtual learning models into the future.

## **Fiscal Integrity and Oversight**

### *Internal Controls*

The College's Finance and Business Services department is responsible for establishing and maintaining a system of internal controls. Internal controls are designed to ensure reasonable, but not absolute, assurance that the assets of the College are protected from loss, theft, or misuse, and that adequate accounting data are compiled to allow for the preparation of financial statements that conform to generally accepted accounting principles. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from that control element and that the evaluation of costs and benefits requires estimates and judgments from management. All internal control evaluations occur within the above framework. The College's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The Office of the Internal Auditor (Internal Audit) is an independent, objective, assurance and consulting entity designed to add value and improve College operations. Internal Audit assists the College in

accomplishing its objectives by systematically evaluating, and helping to improve, risk management, control and governance. The scope of Internal Audit's responsibilities encompasses all College operations. The Director of Internal Audit reports directly to the College's General Counsel and provides reports to the Governing Board and the Finance and Audit Committee.

### *Budgetary Controls*

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

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

### *College Functions*

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

### *Governing Board's Finance and Audit Committee*

As part of the College's continuing improvements in financial accountability and transparency, the Governing Board has a Finance and Audit Committee. As stated in its Charter, the Committee is structured to provide additional oversight and monitoring responsibilities for the College's financial, audit, and investment related performance, policies, and procedures. The Committee allows for better sharing of financial information with the Governing Board and other constituencies, including the public. The Committee comprises two College Governing Board members and five to eight community representatives who are professionally knowledgeable about finance, accounting, auditing, and/or investments.

### *Independent Audit*

The Arizona Auditor General conducts the annual financial audit of the College's finances. Testing procedures determine whether the financial statements are free of material misstatement and ensure compliance with Arizona Revised Statutes that require an annual audit of the College's financial statements. The Auditor General's Independent Auditors' Report is included in this document. For the fiscal year ended June 30, 2023, the College received an unmodified opinion.

A local independent accounting firm conducts the annual financial audit for the Foundation. The Foundation also received an unmodified opinion for the fiscal year ended June 30, 2023.

### **GFOA Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Pima County Community College District for the

fiscal year ended June 30, 2022. This was the thirty-first consecutive year that the College has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

### **Acknowledgements**

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'D. W. Bea', written in a cursive style.

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



Government Finance Officers Association

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

Presented to

**Pima County  
Community College District  
Arizona**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

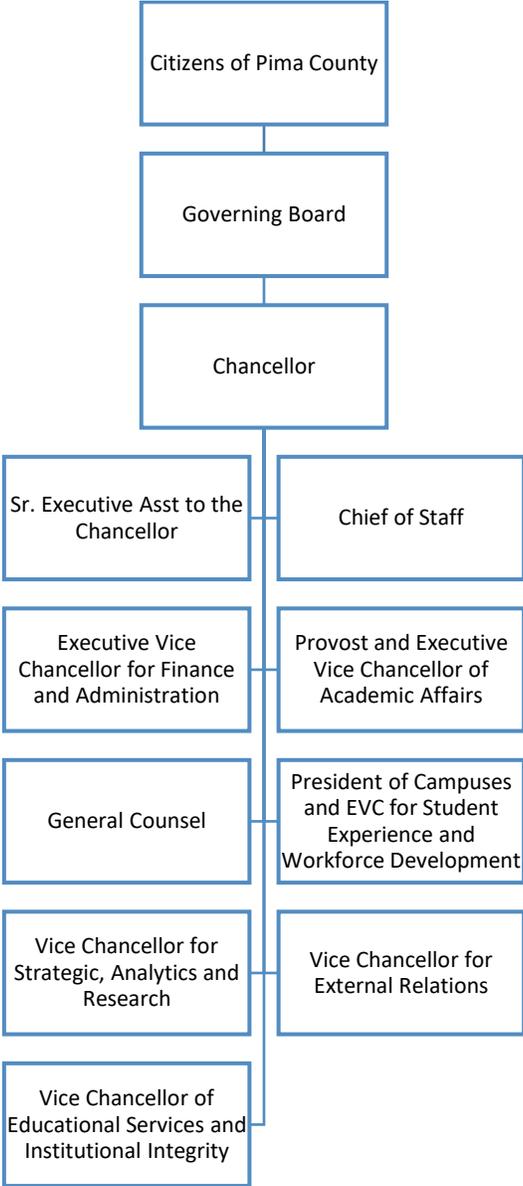
*Christopher P. Morill*

Executive Director/CEO

Organization Chart\*



# Pima County Community College District



\* As of September 2023



# Pima County Community College District

## Governing Board - 2023

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

## District Executive Leadership Team

Dr. Dolores M. Duran-Cerda, *Interim Chancellor*  
Dr. Jeff Thies, *Provost and Executive Vice Chancellor for Academic Affairs*  
Dr. David W. Bea, *Executive Vice Chancellor for Finance and Administration*  
Vacant, *President of Campuses and EVC for Student Experience and Workforce Development*  
Jeffrey Silvyn, J.D., *College General Counsel and Vice Chancellor for Legal Affairs*  
Thomas A. Davis, *Chief of Staff*  
Phil Burdick, *Vice Chancellor for External Relations*  
Dr. Morgan Phillips, *Vice Chancellor for Academic Excellence*  
Dr. Nicola Richmond, *Vice Chancellor for Strategic, Analytics and Research*  
Dr. Irene Robles-Lopez, *Vice Chancellor for Student Experience*  
Dr. Ian Roark, *Vice Chancellor for Workforce Development and Innovation*  
Brandye D'Lena, *Assistant Vice Chancellor for Facilities*  
Carleen Thompson, *Assistant Vice Chancellor for Human Resources*  
Isaac Abbs, *Assistant Vice Chancellor for Information Technology & Chief Information Officer*

\*As of September 2023

## College Vision, Mission, and Values

### College Purpose

Transforming lives through affordable education.

### College Vision

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

### College Mission

Empower every learner, every day, for every goal.

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

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

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

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

### College Behaviors

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

Every employee is encouraged to:

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

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# Financial Section



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 audit of the financial statements

#### *Opinions*

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of the Pima County Community College District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of the District as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

We did not audit the financial statements of the discretely presented component unit. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the other auditors' report.

#### *Basis for opinions*

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the U.S. Comptroller General. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The other auditors did not audit the discretely presented component unit's financial statements in accordance with *Government Auditing Standards*.

### ***Emphasis of matter***

As discussed in Note 1 to the financial statements, for the year ended June 30, 2023, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the audit's planned scope and timing, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required supplementary information***

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 18 through 24, schedule of the District's proportionate share of the net pension/OPEB liability on pages 51 and 52, and schedule of District pension/OPEB contributions on pages 52 and 53 be presented to supplement the basic financial statements. Such information is management's responsibility and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance on the other information.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

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

*Lindsey A. Perry*

Lindsey A. Perry, CPA, CFE  
Auditor General

December 18, 2023

## Management’s Discussion and Analysis

### Introduction

This section of the College’s Annual Comprehensive Financial Report was prepared by the College’s management and presents management’s discussion and analysis of the College’s financial activity for the fiscal year ended June 30, 2023. Please read it in conjunction with the transmittal letter, the financial statements, and the accompanying notes to the financial statements.

### Basic Financial Statements

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

The *Statement of Net Position* presents the financial position of the College as of June 30, 2023. It reflects the assets and deferred outflows owned or controlled by the College, the related liabilities, deferred inflows, and other obligations, and the categories of net position. The total net position consists of net investment in capital assets, restricted net position, and unrestricted net position. The change in net position is an indicator of whether the financial condition has improved or worsened during the fiscal year.

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

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

This report focuses on the College’s overall financial position, financial condition, and results of operations and cash flows for the fiscal year ended June 30, 2023. Comparative information from the previous fiscal year is provided in the condensed financial information to show the readers how the College’s financial performance has changed.

## Management's Discussion and Analysis

### Financial Highlights and Analysis

#### *Statement of Net Position*

The College's overall financial position normalized in fiscal year 2023 to reflect the conclusion of pandemic related impacts with a total net position decrease of \$11.4 million or 5.5 percent, from \$206.9 million to \$195.5 million. Restricted net position decreased from \$65.9 million to \$27.4 million. This was primarily due to completion of two of the College's Centers of Excellence capital projects as described in the following paragraph. The unrestricted net position increased \$18.2 million and includes the planned use of fund balances for Health Professions related capital projects, among others.

Total assets are measured in current or fair value, except for capital assets, which are recorded at historical cost less the applicable accumulated depreciation and amortization. During fiscal year 2023, total assets decreased 2.7 percent from \$393.9 million to \$383.2 million. This change was primarily due to a decrease in cash and cash equivalents for increases in personnel costs to reflect the implementation of the College's comprehensive class and compensation study to better align salaries with market conditions. The restricted cash and investments held by trustee decreased \$14.4 million as the College completed two Center of Excellence projects, the Advanced Manufacturing Building at the Applied Technologies Center and the new hanger expanding the Aviation Technology Center.

Current liabilities consist of payables due within a short period after the close of the fiscal year. These include: current portion of long-term liabilities, accrued payroll and employee benefits, accounts payable, accrued liabilities for invoices that have been received but not yet paid, and unearned revenues for monies the College has received prior to providing services. The current liabilities increase of \$2.3 million is due to the addition of reporting subscriptions payable in this fiscal year, while all other current liabilities remain relatively unchanged from the previous fiscal year.

The majority of the College's long-term liabilities are related to pension and other post-employment benefits at 52.2 percent and revenue bonds at 25.9 percent of total liabilities. The long-term liabilities increase of \$18.3 million is due to the addition of reporting subscriptions payable of \$4.6 million in this fiscal year, and due to an increase in net pension and other postemployment benefits of \$16.6 million, a decrease in bonds payable of \$2.7 million, an increase in compensated absences of \$0.8 million, with offsetting decreases in leases payable liability of \$0.1 million, and financed purchase obligations payable of \$0.9 million. The increase in the net pension and other post-employment benefits was primarily the result of changes in actuarial assumptions and actuarial adjustments as provided by Arizona State Retirement System (ASRS) and Public Safety Personnel Retirement System (PSPRS).

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

## Management's Discussion and Analysis

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

|   | <u>As of</u><br><u>June 30, 2023</u> | <u>As of</u><br><u>June 30, 2022</u> | <u>% Change</u> |
|---|--------------------------------------|--------------------------------------|-----------------|
| <b>Assets</b>   |                                      |                                      |                 |
| Current Assets  | \$ 91,921,403                        | \$ 110,645,107                       | -16.9%          |
| Noncurrent Assets – Restricted  | 12,429,906                           | 26,814,025                           | -53.6%          |
| Capital Assets, net   | 170,715,894                          | 147,603,974                          | 15.7%           |
| Other Noncurrent Assets   | 108,147,634                          | 108,792,171                          | -0.6%           |
| <b>Total Assets</b>   | <b>383,214,837</b>                   | <b>393,855,277</b>                   | <b>-2.7%</b>    |
| <b>Deferred Outflows of Resources</b>                                   |                                      |                                      |                 |
| Deferred Outflows Related to Pensions and Other Postemployment Benefits | 18,605,102                           | 23,059,302                           | -19.3%          |
| <b>Total Deferred Outflows of Resources</b>                             | <b>18,605,102</b>                    | <b>23,059,302</b>                    | <b>-19.3%</b>   |
| <b>Liabilities</b>  |                                      |                                      |                 |
| Other Liabilities   | 32,318,091                           | 29,990,778                           | 7.8%            |
| <b>Long-term Liabilities</b>  |                                      |                                      |                 |
| Compensated Absences  | 4,175,485                            | 3,357,222                            | 24.4%           |
| Financed Purchase Obligations Payable                                   | 1,041,291                            | 1,917,030                            | -45.7%          |
| Leases Payable  | 946,764                              | 1,060,800                            | -10.8%          |
| Subscriptions Payable   | 4,596,686                            | 0                                    | 100.0%          |
| Bonds Payable   | 51,160,143                           | 53,843,932                           | -5.0%           |
| Net Pension and Other Postemployment Benefits Liability                 | 102,974,190                          | 86,373,798                           | 19.2%           |
| <b>Total Liabilities</b>  | <b>197,212,650</b>                   | <b>176,543,560</b>                   | <b>11.7%</b>    |
| <b>Deferred Inflows of Resources</b>                                    |                                      |                                      |                 |
| Deferred Inflows Related to Leases                                      | 997,029                              | 1,234,205                            | -19.2%          |
| Deferred Inflows Related to Pensions and Other Postemployment Benefits  | 8,133,317                            | 32,230,270                           | -74.8%          |
| <b>Total Deferred Inflows of Resources</b>                              | <b>9,130,346</b>                     | <b>33,464,475</b>                    | <b>-72.7%</b>   |
| <b>Net Position</b>   |                                      |                                      |                 |
| Net Investment in Capital Assets  | 115,172,346                          | 106,323,112                          | 8.3%            |
| Restricted Net Position   | 27,432,257                           | 65,942,454                           | -58.4%          |
| Unrestricted Net Position   | 52,872,340                           | 34,640,978                           | 52.6%           |
| <b>Total Net Position</b>   | <b>\$ 195,476,943</b>                | <b>\$ 206,906,544</b>                | <b>-5.5%</b>    |

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

|  | <u>For the year</u><br><u>ended</u><br><u>June 30, 2023</u> | <u>For the year</u><br><u>ended</u><br><u>June 30, 2022</u> | <u>% Change</u> |
|--|---|---|-----------------|
| <b>Operating Revenues</b>                            |   |   |                 |
| Tuition and Fees (net of allowances)                 | \$ 24,638,886   | \$ 23,631,157   | 4.3%            |
| Contracts  | 5,384,888   | 4,064,839   | 32.5%           |
| Commissions and Rents                                | 650,586   | 287,579   | 126.2%          |
| Other Operating Revenues                             | 1,098,292   | 778,611   | 41.1%           |
| <b>Total Operating Revenues</b>                      | <b>31,772,652</b>   | <b>28,762,186</b>   | <b>10.5%</b>    |
| <b>Total Operating Expenses</b>                      | <b>227,718,804</b>  | <b>212,847,086</b>  | <b>7.0%</b>     |
| <b>Operating Loss</b>                                | <b>(195,946,152)</b>  | <b>(184,084,900)</b>  | <b>6.4%</b>     |
| <b>Nonoperating Revenues (Expenses)</b>              |   |   |                 |
| Property Taxes                                       | 130,435,154   | 124,001,512   | 5.2%            |
| State Appropriations                                 | 8,673,683   | 8,699,822   | -0.3%           |
| Federal Grants                                       | 36,115,580  | 77,840,182  | -53.6%          |
| State and Local Grants                               | 1,477,272   | 1,902,409   | -22.3%          |
| Investment Income                                    | 3,753,241   | (3,312,543)   | 213.3%          |
| Other Nonoperating Revenues                          | 5,468,984   | 4,987,090   | 9.7%            |
| Interest Expense on Debt                             | (2,061,670)   | (1,948,384)   | 5.8%            |
| Gain on Capital Asset Disposal                       | 103,954   | 14,724  | 606.0%          |
| <b>Net Nonoperating Revenues</b>                     | <b>183,966,198</b>  | <b>212,184,812</b>  | <b>-13.3%</b>   |
| <b>Income (Loss) before Capital Gifts and Grants</b> | <b>(11,979,954)</b>   | <b>28,099,912</b>   | <b>-142.6%</b>  |
| Capital Gifts and Grants                             | 550,353   | 67,214  | 718.8%          |
| <b>Increase/(Decrease) in Net Position</b>           | <b>(11,429,601)</b>   | <b>28,167,126</b>   | <b>-140.6%</b>  |
| <b>Net Position, beginning of year</b>               | <b>206,906,544</b>  | <b>178,739,418</b>  | <b>15.8%</b>    |
| <b>Net Position, end of year</b>                     | <b>\$ 195,476,943</b>                                       | <b>\$ 206,906,544</b>                                       | <b>-5.5%</b>    |

## Management's Discussion and Analysis

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

To further realign budgeting and strategic priorities in anticipation of nearly flat enrollment and the continuing impacts of the pandemic, the College adopted the following budgetary resolutions:

1. Increase the tuition per credit hour in-state resident rate to \$89.00.
2. Continued to reduce administrator, staff, and faculty positions and associated budgeted expenses through strategic reorganizations, holding positions vacant, and position eliminations.
3. Increase property taxes by 4.0 percent.

#### **Revenues:**

The College's operating revenues consist of tuition and fees, contracts, and other income directly attributable to the day-to-day business activities of the College. Operating revenues are earned in exchange for providing goods and services. During the fiscal year, the College continued working with employers to develop programs and facilities that meet current and anticipated workforce needs. Net tuition increased \$1.0 million from \$23.6 to \$24.6 million as enrollment continues to rebound post pandemic. Like its peers the College experienced a 20 percent decrease in enrollment during the pandemic. Historically, community colleges see enrollment increases during times of high unemployment and economic turmoil and that trend is normalizing as employment has recovered in recent years and enrollment is increasing. Contract revenue also increased by \$1.3 million as the revenue earned from instruction contracts with various agencies, employers, and other arrangements returns to normal activity. 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 decreased \$28.1 million or 13.1 percent. Specifically, property tax revenue increased \$6.4 million from \$124.0 million to \$130.4 million due to new properties added to the tax roll, and an increase in the College's primary property tax levy of 4 percent after staying levy neutral since the onset of the pandemic. Investment income increased \$7.1 million reflective of positive shifts in the investment market. Federal grant revenue decreased \$41.7 million, or 53.6 percent, due to the conclusion of receiving pandemic related HEERF funding. Overall, total revenues decreased by \$24.6 million.

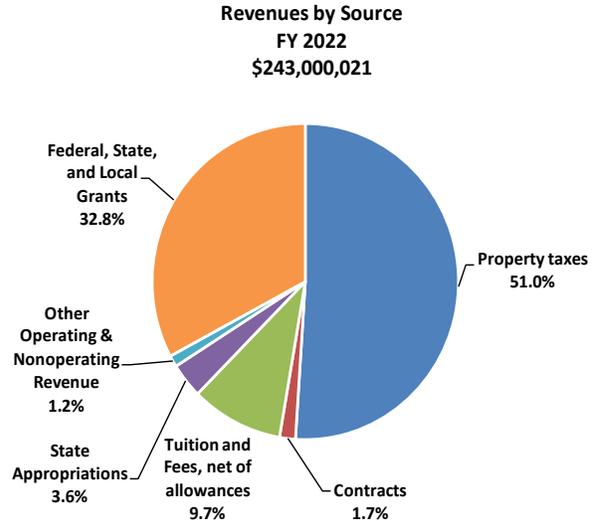
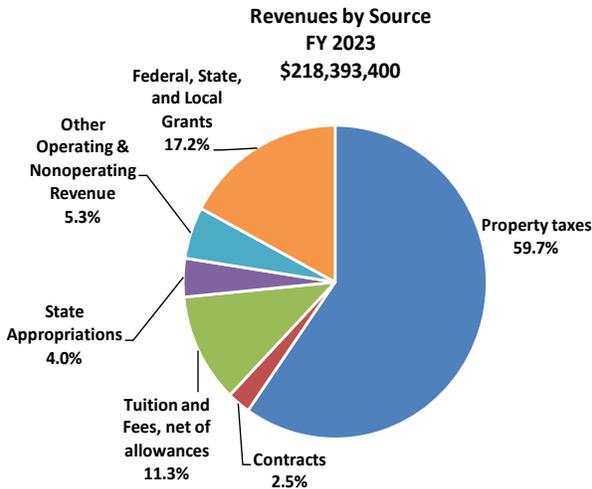
#### **Expenses:**

Operating expenses consist of personnel, supplies, contracts, services, and other expenses that are directly attributable to the day-to-day business activities of the College and are presented by function. During the fiscal year, the College facilities remained open for classes and operations although some activities continued to be conducted virtually for students and employees due to ongoing pandemic related concerns. The College also continued to allow domestic and international travel for students and staff. As a result, travel costs increased by \$0.8 million compared to the previous year. Supplies and materials decreased 16.6 percent as spending normalized after the increased construction and renovations activity during the previous year. Net personnel expenses increased \$19.9 million, or 16.9 percent due to the College's implementation of a comprehensive class and compensation study that adjusted salaries to better align with a competitive job market. Contractual services increased \$10.1 million or 34.6 percent due to capital expansion of facilities and related information technology improvements, offset by decreases in software and licensing costs. Operating expenses overall increased by \$14.9 million, or 7.0 percent. For details, see Note 7 to the basic financial statements.

## Management's Discussion and Analysis

### Revenues by Source

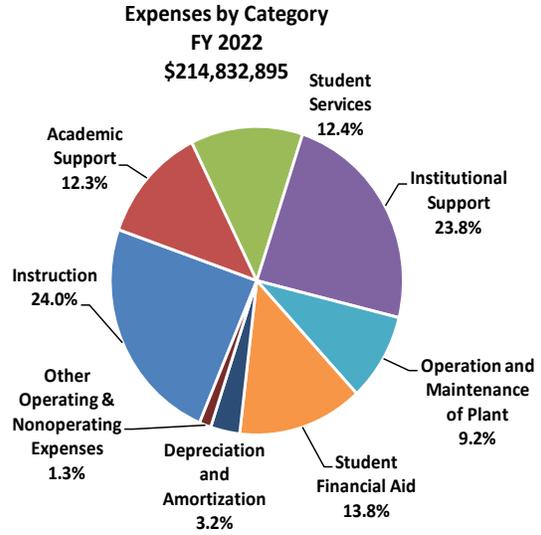
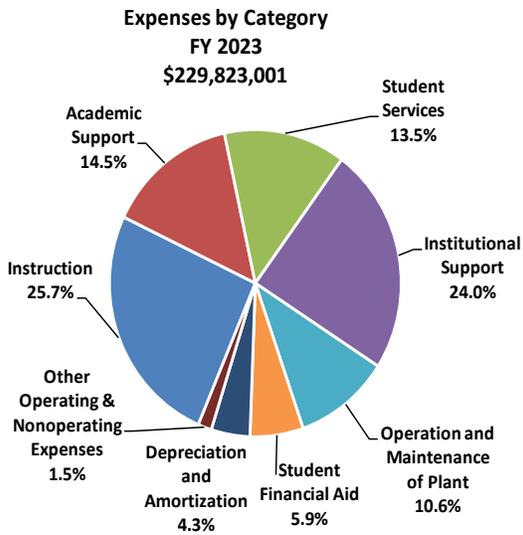
|                                      | FY 2023               | FY 2022               | \$ Change             | % Change      |
|--------------------------------------|-----------------------|-----------------------|-----------------------|---------------|
| <b>Operating Revenues</b>            |                       |                       |                       |               |
| Tuition and Fees (net of allowances) | \$ 24,638,886         | \$ 23,631,157         | \$ 1,007,729          | 4.3%          |
| Contracts                            | 5,384,888             | 4,064,839             | 1,320,049             | 32.5%         |
| Commissions and Rents                | 650,586               | 287,579               | 363,007               | 126.2%        |
| Other Operating Revenues             | 1,098,292             | 778,611               | 319,681               | 41.1%         |
| <b>Total Operating Revenues</b>      | <b>31,772,652</b>     | <b>28,762,186</b>     | <b>3,010,466</b>      | <b>10.5%</b>  |
| <b>Nonoperating Revenues</b>         |                       |                       |                       |               |
| Property Taxes                       | 130,435,154           | 124,001,512           | 6,433,642             | 5.2%          |
| State Appropriations                 | 8,673,683             | 8,699,822             | (26,139)              | -0.3%         |
| Federal Grants                       | 36,115,580            | 77,840,182            | (41,724,602)          | -53.6%        |
| State and Local Grants               | 1,477,272             | 1,902,409             | (425,137)             | -22.3%        |
| Share of State Sales Tax             | 4,218,878             | 3,840,596             | 378,282               | 9.8%          |
| Gifts                                | 1,292,633             | 1,183,919             | 108,714               | 9.2%          |
| Investment Income                    | 3,753,241             | (3,312,543)           | 7,065,784             | 213.3%        |
| Gain on Capital Asset Disposal       | 103,954               | 14,724                | 89,230                | 606.0%        |
| <b>Total Nonoperating Revenues</b>   | <b>186,070,395</b>    | <b>214,170,621</b>    | <b>(28,100,226)</b>   | <b>-13.1%</b> |
| Capital Gifts and Grants             | 550,353               | 67,214                | 483,139               | 718.8%        |
| <b>Total Revenues</b>                | <b>\$ 218,393,400</b> | <b>\$ 243,000,021</b> | <b>(\$24,606,621)</b> | <b>-10.1%</b> |



## Management’s Discussion and Analysis

### Expenses by Category

|                                    | <u>FY 2023</u>        | <u>FY 2022</u>        | <u>\$ Change</u>     | <u>% Change</u> |
|------------------------------------|-----------------------|-----------------------|----------------------|-----------------|
| <b>Operating Expenses</b>          |                       |                       |                      |                 |
| Educational and General            |                       |                       |                      |                 |
| Instruction                        | \$ 58,970,986         | \$ 51,520,705         | \$ 7,450,281         | 14.5%           |
| Academic Support                   | 33,369,358            | 26,443,212            | 6,926,146            | 26.2%           |
| Student Services                   | 30,887,444            | 26,614,475            | 4,272,969            | 16.1%           |
| Institutional Support              | 55,170,263            | 51,103,682            | 4,066,581            | 8.0%            |
| Operation and Maintenance of Plant | 24,447,529            | 19,767,680            | 4,679,849            | 23.7%           |
| Student Financial Aid              | 13,630,228            | 29,679,226            | (16,048,998)         | -54.1%          |
| Auxiliary Enterprises              | 1,287,081             | 792,512               | 494,569              | 62.4%           |
| Depreciation and Amortization      | 9,955,915             | 6,925,594             | 3,030,321            | 43.8%           |
| <b>Total Operating Expenses</b>    | <b>227,718,804</b>    | <b>212,847,086</b>    | <b>14,871,718</b>    | <b>7.0%</b>     |
| <b>Nonoperating Expenses</b>       |                       |                       |                      |                 |
| Other Nonoperating Expenses        | 42,527                | 37,425                | 5,102                | 13.6%           |
| Interest Expense on Debt           | 2,061,670             | 1,948,384             | 113,286              | 5.8%            |
| <b>Total Nonoperating Expenses</b> | <b>2,104,197</b>      | <b>1,985,809</b>      | <b>118,388</b>       | <b>6.0%</b>     |
| <b>Total Expenses</b>              | <b>\$ 229,823,001</b> | <b>\$ 214,832,895</b> | <b>\$ 14,990,106</b> | <b>7.0%</b>     |



## Management's Discussion and Analysis

### Capital Assets and Debt Administration

Total net capital assets increased by \$23.1 million, to \$170.7 million, a 15.7 percent increase from the prior year. The increase is primarily due to increases in buildings and improvements, intangible subscription assets, and reduced by decreases in construction in progress, as offset by depreciation and amortization expenses of \$7.3 million net of disposals. For details, see Note 3 to the basic financial statements.

The College finances major capital improvements and renovations through the issuance of revenue bonds, financed purchase obligations and leases. At June 30, 2023, the College had outstanding long-term debt consisting of bonds payable of \$53.8 million, financed purchase obligations of \$1.9 million, and leases payable of \$1.1 million. 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 rating with a stable outlook. Detailed debt information can be found in Note 4 to the basic financial statements.

### Economic Outlook

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

### *Centers of Excellence*

In fiscal year 2023 the College's work on the Centers of Excellence continued to progress. The expansion of the Aviation Technology Center, as mostly funded through a State Allocation of \$15M, was completed and opened during the fall semester. This combined with the completion of the Advanced Manufacturing building at the end of this summer, followed by the development of the Health Professions facility and new Science Labs will help the College deliver educational services to meet student career and local employer work force needs. Specifically, these Centers of Excellence will support the College in expanding workforce training programs and ensure that students are trained in high demand, real-world skills, including data analytics, artificial intelligence, robotics, and simulators, and on industry-standard and state-of-the-art equipment and technology, and to help the community to have a better trained workforce to attract high-paying jobs.

### Requests for Information

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

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# Basic Financial Statements

**Statement of Net Position – Primary Government**  
**As of June 30, 2023**

|   |                       |
|---|-----------------------|
| <b>Assets</b>   |                       |
| Current Assets  |                       |
| Cash and Cash Equivalents   | \$ 58,815,883         |
| Short-term Investments  | 15,245,124            |
| Receivables   |                       |
| Property Taxes (less allowance of \$1,755,000)                          | 6,188,099             |
| Accounts (less allowance of \$4,938,635)                                | 2,550,948             |
| Government Grants and Contracts   | 3,689,262             |
| Interest  | 38,405                |
| Leases  | 237,906               |
| Other (less allowance of \$270,819)                                     | 1,492,050             |
| Inventories   | 311,224               |
| Prepaid Expenses  | 3,352,502             |
| <b>Total Current Assets</b>   | <b>91,921,403</b>     |
| Noncurrent Assets   |                       |
| Restricted Cash and Cash Equivalents                                    | 79,093                |
| Restricted Cash and Investments Held by Trustee                         | 12,350,813            |
| Other Long-term Investments   | 103,755,803           |
| Leases Receivable   | 798,037               |
| Net Other Postemployment Benefits Asset                                 | 3,593,794             |
| Capital Assets  |                       |
| Land and Improvements   | 18,897,506            |
| Construction in Progress  | 16,923,900            |
| Buildings and Improvements (net of depreciation)                        | 115,059,206           |
| Equipment (net of depreciation)   | 10,340,189            |
| Leasehold Improvements (net of depreciation)                            | 595,161               |
| Library Books (net of depreciation)                                     | 1,281,465             |
| Intangible Right-to-Use Leased Buildings (net of amortization)          | 1,019,608             |
| Intangible Right-to-Use Subscription Assets (net of amortization)       | 6,598,859             |
| <b>Total Noncurrent Assets</b>  | <b>291,293,434</b>    |
| <b>Total Assets</b>   | <b>383,214,837</b>    |
| <b>Deferred Outflows of Resources</b>                                   |                       |
| Deferred Outflows Related to Pensions and Other Postemployment Benefits | 18,605,102            |
| <b>Total Deferred Outflows of Resources</b>                             | <b>18,605,102</b>     |
| <b>Liabilities</b>  |                       |
| Current Liabilities   |                       |
| Accrued Payroll and Employee Benefits                                   | 6,144,905             |
| Accounts Payable and Accrued Liabilities                                | 10,509,290            |
| Deposits Held in Custody for Others                                     | 258,710               |
| Unearned Revenue  | 4,588,058             |
| Current Portion of Compensated Absences Payable                         | 4,839,562             |
| Current Portion of Financed Purchase Obligations Payable                | 875,739               |
| Current Portion of Leases Payable                                       | 114,036               |
| Current Portion of Subscriptions Payable                                | 2,304,002             |
| Current Portion of Bonds Payable  | 2,683,789             |
| <b>Total Current Liabilities</b>  | <b>32,318,091</b>     |
| Noncurrent Liabilities  |                       |
| Long-term Liabilities   |                       |
| Compensated Absences Payable  | 4,175,485             |
| Financed Purchase Obligations Payable                                   | 1,041,291             |
| Leases Payable  | 946,764               |
| Subscriptions Payable   | 4,596,686             |
| Bonds Payable   | 51,160,143            |
| Net Pension and Other Postemployment Benefits Liability                 | 102,974,190           |
| <b>Total Noncurrent Liabilities</b>                                     | <b>164,894,559</b>    |
| <b>Total Liabilities</b>  | <b>197,212,650</b>    |
| <b>Deferred Inflows of Resources</b>                                    |                       |
| Deferred Inflows Related to Pensions and Other Postemployment Benefits  | 8,133,317             |
| Deferred Inflows Related to Leases                                      | 997,029               |
| <b>Total Deferred Inflows of Resources</b>                              | <b>9,130,346</b>      |
| <b>Net Position</b>   |                       |
| Net Investment in Capital Assets  | 115,172,346           |
| Restricted for:   |                       |
| Expendable:   |                       |
| Capital Projects  | 2,101,628             |
| Debt Service  | 2,069,362             |
| Grants and Contracts  | 19,667,473            |
| Restricted for Other Postemployment Benefits                            | 3,593,794             |
| Unrestricted  | 52,872,340            |
| <b>Total Net Position</b>   | <b>\$ 195,476,943</b> |

*See accompanying notes to financial statements*

**Statement of Financial Position – Component Unit  
As of June 30, 2023**

**Pima  
Community College  
Foundation, Inc.**

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**Assets**

Current Assets

|   |    |                |
|---|----|----------------|
| Cash and cash equivalents                 | \$ | 178,007        |
| Accounts receivable                       |    | 82,660         |
| Prepaid expenses and other current assets |    | 37,141         |
| <b>Total current assets</b>               |    | <b>297,808</b> |

|                                     |           |                   |
|-------------------------------------|-----------|-------------------|
| Investments                         |           | 13,456,776        |
| Office furniture and equipment, net |           | 3,475             |
| <b>Total assets</b>                 | <b>\$</b> | <b>13,758,059</b> |

**Liabilities and Net Assets**

Current Liabilities

|                                       |    |                |
|---------------------------------------|----|----------------|
| Accounts payable and accrued expenses | \$ | 109,579        |
| Deferred revenue                      |    | 88,347         |
| <b>Total current liabilities</b>      |    | <b>197,926</b> |

|                          |  |                |
|--------------------------|--|----------------|
| <b>Total liabilities</b> |  | <b>197,926</b> |
|--------------------------|--|----------------|

**Net assets**

Without donor restrictions

|  |  |                  |
|--|--|------------------|
| Available for operations                           |  | 348,524          |
| Board-designated endowment                         |  | 1,269,184        |
| <b>Total net assets without donor restrictions</b> |  | <b>1,617,708</b> |

With donor restrictions

|   |  |                   |
|---|--|-------------------|
| Specified purpose                                       |  | 5,504,393         |
| Subject to appropriation and expenditure - scholarships |  | 240,210           |
| Perpetual in nature                                     |  | 6,197,822         |
| <b>Total net assets with donor restrictions</b>         |  | <b>11,942,425</b> |

|                         |  |                   |
|-------------------------|--|-------------------|
| <b>Total net assets</b> |  | <b>13,560,133</b> |
|-------------------------|--|-------------------|

|   |           |                   |
|---|-----------|-------------------|
| <b>Total liabilities and net assets</b> | <b>\$</b> | <b>13,758,059</b> |
|---|-----------|-------------------|

*See accompanying notes to financial statements*

**Statement of Revenues, Expenses and Changes in Net Position – Primary Government  
For the Year Ended June 30, 2023**

**Operating Revenues**

|  |                   |
|--|-------------------|
| Tuition and Fees (net of scholarship allowances of \$13,047,274) | \$ 24,638,886     |
| Contracts  | 5,384,888         |
| Commissions and Rents  | 650,586           |
| Other Operating Revenues   | 1,098,292         |
| <b>Total Operating Revenues</b>                                  | <b>31,772,652</b> |

**Operating Expenses**

|                                    |                      |
|------------------------------------|----------------------|
| Educational and General            |                      |
| Instruction                        | 58,970,986           |
| Academic Support                   | 33,369,358           |
| Student Services                   | 30,887,444           |
| Institutional Support              | 55,170,263           |
| Operation and Maintenance of Plant | 24,447,529           |
| Student Financial Aid              | 13,630,228           |
| Auxiliary Enterprises              | 1,287,081            |
| Depreciation and Amortization      | 9,955,915            |
| <b>Total Operating Expenses</b>    | <b>227,718,804</b>   |
| <b>Operating Loss</b>              | <b>(195,946,152)</b> |

**Nonoperating Revenues (Expenses)**

|                                  |                    |
|----------------------------------|--------------------|
| Property Taxes                   | 130,435,154        |
| State Appropriations             | 8,673,683          |
| Federal Grants                   | 36,115,580         |
| State and Local Grants           | 1,477,272          |
| Share of State Sales Tax         | 4,218,878          |
| Gifts                            | 1,292,633          |
| Investment Income                | 3,753,241          |
| Other Nonoperating Expenses      | (42,527)           |
| Interest Expense on Debt         | (2,061,670)        |
| Gain on Capital Asset Disposal   | 103,954            |
| <b>Net Nonoperating Revenues</b> | <b>183,966,198</b> |

|   |                     |
|---|---------------------|
| Income (Loss) Before Other Revenues, Expenses, Gains, or Losses | (11,979,954)        |
| Capital Gifts and Grants  | 550,353             |
| <b>Decrease in Net Position</b>                                 | <b>(11,429,601)</b> |

**Net Position**

|                                  |                       |
|----------------------------------|-----------------------|
| Net Position, beginning of year  | 206,906,544           |
| <b>Net Position, end of year</b> | <b>\$ 195,476,943</b> |

*See accompanying notes to financial statements*

**Statement of Activities – Component Unit  
For the Year Ended June 30, 2023**

**Pima Community College Foundation, Inc.**

|  | <b>Without<br/>Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>         |
|--|---|------------------------------------|----------------------|
| <b>Revenues and Support</b>                            |   |                                    |                      |
| Contributions  | \$ 7,803                                  | \$ 2,955,387                       | \$ 2,963,190         |
| Service agreement revenue                              | 644,461                                   |                                    | 644,461              |
| Investment income, net                                 | 136,891                                   | 438,171                            | 575,062              |
| In-kind contributions                                  |   | 441,924                            | 441,924              |
| Other income   | 129                                       |                                    | 129                  |
| Special events, net                                    |   | (25,063)                           | (25,063)             |
| Net assets released from restrictions<br>and transfers | 2,792,788                                 | (2,792,788)                        | -                    |
| <b>Total revenues and support:</b>                     | <b>\$ 3,582,072</b>                       | <b>\$ 1,017,631</b>                | <b>\$ 4,599,703</b>  |
| <b>Expenses</b>  |   |                                    |                      |
| Program expenses                                       | \$ 3,029,378                              |                                    | \$ 3,029,378         |
| Management and general                                 | 272,303                                   |                                    | 272,303              |
| Fund-raising   | 127,301                                   |                                    | 127,301              |
| <b>Total expenses</b>                                  | <b>\$ 3,428,982</b>                       |                                    | <b>\$ 3,428,982</b>  |
| <b>Change in net assets</b>                            | <b>153,090</b>                            | <b>1,017,631</b>                   | <b>1,170,721</b>     |
| <b>Net assets, beginning of year</b>                   | <b>1,464,618</b>                          | <b>10,924,794</b>                  | <b>12,389,412</b>    |
| <b>Net assets, end of year</b>                         | <b>\$ 1,617,708</b>                       | <b>\$ 11,942,425</b>               | <b>\$ 13,560,133</b> |

*See accompanying notes to financial statements*

**Statement of Cash Flows – Primary Government  
For the Year Ended June 30, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES**

|   |                      |
|---|----------------------|
| Tuition and Fees  | \$ 24,165,661        |
| Contracts   | 5,176,301            |
| Commissions and Rents                                     | 557,512              |
| Other Receipts  | 1,091,282            |
| Payments to Suppliers and Providers of Goods and Services | (68,579,133)         |
| Payments for Employee Wages and Benefits                  | (139,524,533)        |
| Payments for Scholarships                                 | (13,630,228)         |
| Funds Held for Others Received                            | 625,173              |
| Funds Held for Others Disbursed                           | (625,738)            |
| <b>Net Cash Used for Operating Activities</b>             | <b>(190,743,703)</b> |

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

|   |                    |
|---|--------------------|
| Property Taxes  | 129,348,755        |
| State Appropriations  | 8,673,683          |
| Grants  | 41,079,106         |
| Share of State Sales Tax                                    | 4,218,878          |
| Federal Direct Loans Received                               | 7,299,544          |
| Federal Direct Loans Disbursed                              | (7,330,836)        |
| Gifts   | 1,292,633          |
| <b>Net Cash Provided by Noncapital Financing Activities</b> | <b>184,581,763</b> |

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

|   |                     |
|---|---------------------|
| Proceeds from Sale of Capital Assets                              | 108,310             |
| Purchases of Capital Assets                                       | (23,756,294)        |
| Other Capital Related Payments                                    | (42,527)            |
| Principal Paid on Capital Debt/Obligations                        | (4,946,562)         |
| Interest Paid on Capital Debt/Obligations                         | (2,754,723)         |
| <b>Net Cash Used for Capital and Related Financing Activities</b> | <b>(31,391,796)</b> |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|   |                   |
|---|-------------------|
| Proceeds from Sales and Maturities of Investments | 148,531,321       |
| Purchases of Investments                          | (133,592,851)     |
| Interest Received on Investments                  | 3,420,803         |
| <b>Net Cash Provided by Investing Activities</b>  | <b>18,359,273</b> |

|  |                      |
|--|----------------------|
| Net Decrease in Cash and Cash Equivalents      | (19,194,463)         |
| Cash and Cash Equivalents - beginning of year  | 78,089,439           |
| <b>Cash and Cash Equivalents - end of year</b> | <b>\$ 58,894,976</b> |

*See accompanying notes to financial statements*

*(Continued)*

**Statement of Cash Flows – Primary Government  
For the Year Ended June 30, 2023**

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

|  |                         |
|--|-------------------------|
| Operating Loss   | \$ (195,946,152)        |
| Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:                 |                         |
| Depreciation Expense and Amortization  | 9,955,915               |
| Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources: |                         |
| Increase in Receivables, Net   | (568,231)               |
| Decrease in Inventories  | 165,250                 |
| Increase in Prepaid Expenses   | (1,450,187)             |
| Increase in Net Other Postemployment Benefits (OPEB) Asset   | (236,334)               |
| Increase in Government Grants and Contracts Receivable   | (50,876)                |
| Decrease in Deferred Outflows of Resources Related to Pensions and OPEB                            | 4,454,200               |
| Increase in Accrued Payroll and Employee Benefits  | 401,861                 |
| Decrease in Accounts Payable and Accrued Liabilities   | (755,432)               |
| Decrease in Deposits Held in Custody for Others  | (565)                   |
| Increase in Unearned Revenue   | 39,519                  |
| Increase in Long-term Liabilities (Compensated Absences Portion)                                   | 981,066                 |
| Increase in Net Pension and OPEB Liability   | 16,600,392              |
| Decrease in Deferred Inflows of Resources Related to Pensions and OPEB                             | (24,096,953)            |
| Decrease in Deferred Inflows of Resources Related to Leases  | (237,176)               |
| <b>Net Cash Used for Operating Activities</b>  | <b>\$ (190,743,703)</b> |

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

|  |                  |
|--|------------------|
| <i>Net Book Value of Capital Assets Sold</i>                 | <i>\$ 4,356</i>  |
| <i>Donated Capital Assets</i>                                | <i>550,353</i>   |
| <i>Net Increase in Fair Value of Investments</i>             | <i>123,611</i>   |
| <i>Amortization of Bond Premium</i>                          | <i>658,817</i>   |
| <i>Intangible Right-to-use Subscription Assets Additions</i> | <i>3,836,287</i> |

*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).

For the year ended June 30, 2023, the College implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. As a result, the College's financial statements have been modified to reflect the implementation of this new standard.

#### **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, 2023, the Foundation distributed \$430,500 of in-kind gifts to be used for College operations and teaching programs, \$336,373 for scholarships, and \$487,438 in other expenses to the College. On October 1, 2017, the College and the Foundation entered into a services agreement that defines the relationship between the parties and it has been extended through June 30, 2024. In exchange for the services provided by the Foundation, in fiscal year 2023, the College paid to the Foundation an amount of \$738,852. Notes to the financial statements for the Foundation are included in Note 9. Complete financial statements can be obtained from the Foundation located at 4905C East Broadway Boulevard, Tucson, AZ 85709-1320.

#### **Basis of Presentation and Accounting:**

The financial statements include the following:

- A. *Statement of Net Position*: provides information about the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the College at the end of the year. Assets and liabilities are classified as either current or noncurrent. Net Position is classified according to external donor restrictions or availability of assets to satisfy the College's obligations. Net investment in capital assets represents the value of capital assets, net of accumulated depreciation and amortization, less any outstanding liabilities incurred to acquire or construct the assets. Expendable restricted net position represents grants, contracts, gifts, and other resources that have been externally restricted for specific purposes. Unrestricted net position consists of all other resources including those that have been designated by management to be used for other than general operating purposes.

## Notes to Financial Statements

- 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.

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

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

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

### **Cash and Investments:**

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

### **Inventories:**

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

### **Capital Assets:**

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

### **Pension and Other Postemployment Benefits:**

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension

## Notes to Financial Statements

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.

### **Investment Income:**

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

### **Compensated Absences:**

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

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

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

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

### **Scholarship Allowances:**

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

### **Leases:**

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

As lessor, the College leases building space and land to third parties under the provisions of various lease agreements. The College recognizes lease receivables with an initial, individual value of \$50,000 or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate the College charges the lessee) and the implicit rate cannot be determined, the College uses its own estimated incremental borrowing rate as the discount rate to measure lease receivables. The College's estimated incremental borrowing rate is calculated as described above. During the fiscal year ended June 30, 2023, the College had \$237,906 in current lease receivables and

## Notes to Financial Statements

\$798,037 in noncurrent lease receivables and recognized total lease-related revenues of \$265,924.

### Subscription-based Information Technology Arrangements:

The College recognizes subscription liabilities with an initial, individual value of \$200,000 or more. The College uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the arrangement. The College’s estimated incremental borrowing rate is calculated as described above.

## 2. DEPOSITS AND INVESTMENTS

Arizona Revised Statutes (A.R.S.) require 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, 2023, the carrying amount of the College’s deposits was \$14,748,974 and the bank balance was \$14,761,943.

### Investments:

The College had total investments of \$175,486,742 at June 30, 2023. The College’s investments are categorized within the fair value hierarchy established by generally accepted accounting principles. Investments categorized as Level 1 inputs are valued using prices quoted in active markets for those investments. Investments categorized as Level 2 are valued using Interactive Data IDSI bond quotes, IDSI mortgage-backed securities (MBS), IDSI collateralized mortgage obligations (CMO), and broker pricing techniques. These pricing techniques are used to value securities based on relevant observable inputs, including quoted prices for other similar assets, benchmark yield curve and market corroborated inputs. Investments in the State Treasurer’s investment pools are valued at the pool’s share price multiplied by the number of shares the College held. The fair value of a participant’s position in the pool approximates the value of that participant’s pool shares. The investment in the County Treasurer’s investment pool is valued using the College’s proportionate participation in the pool because the pool’s structure does not provide for shares. The State Board of Investment provides oversight for the State Treasurer’s investment pools. No comparable oversight is provided for the County Treasurer’s investment pool. The College’s investments at June 30, 2023, 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  | \$ 53,786,533         | \$ 53,786,533  |   |
| US Agency Securities                                   | 37,061,070            |  | \$ 37,061,070                                 |
| Corporate Bonds and Notes                              | 28,153,324            |  | 28,153,324                                    |
| Money Market Mutual Funds                              | 12,350,813            |  | 12,350,813                                    |
| <b>Total investments by fair value level</b>           | <b>\$ 131,351,740</b> | <b>\$ 53,786,533</b>   | <b>\$ 77,565,207</b>                          |
| <br>   |                       |  |   |
| External investment pools measured at fair value       | Amount                |  |   |
| State Treasurer's Investment Pool #5                   | \$ 43,459,693         |  |   |
| County Treasurer's Investment Pool                     | 675,309               |  |   |
| Total external investment pools measured at fair value | <b>44,135,002</b>     |  |   |
| <b>Total investments</b>                               | <b>\$ 175,486,742</b> |  |   |

## Notes to Financial Statements

### 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, 2023:

| Investment Type                                 | S&P Rating           |                     |                      |                     | Unrated             | Amount               |
|---|----------------------|---------------------|----------------------|---------------------|---------------------|----------------------|
|   | AAAf/S1+             | AAA                 | AA                   | A+                  |                     |                      |
| State Treasurer's Investment Pool #5            | \$ 43,459,693        |                     |                      |                     |                     | \$ 43,459,693        |
| County Treasurer's Investment Pool              |                      |                     |                      |                     | \$ 675,309          | 675,309              |
| US Agency Securities                            |                      | \$ 694,822          | \$ 3,359,810         |                     | 33,006,438          | 37,061,070           |
| Corporate Bonds and Notes                       |                      | 4,239,813           | 22,276,970           | \$ 1,414,800        | 221,741             | 28,153,324           |
| Money Market Mutual Funds                       |                      |                     |                      |                     | 12,350,813          | 12,350,813           |
| <b>Total investments subject to credit risk</b> | <b>\$ 43,459,693</b> | <b>\$ 4,934,635</b> | <b>\$ 25,636,780</b> | <b>\$ 1,414,800</b> | <b>\$46,254,301</b> | <b>\$121,700,209</b> |

### 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, 2023, of 5% or more in Federal National Mortgage Association (FNMA) and First American Government. These investments were 16.63% and 7.04%, 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, 2023, 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 | \$ 43,459,693         | \$ 43,459,693         |                      |
| County Treasurer's Investment Pool   | 675,309               | 675,309               |                      |
| US Treasury                          | 53,786,533            | 29,044,238            | \$ 24,742,295        |
| US Agency Securities                 | 37,061,070            | 5,504,162             | 31,556,908           |
| Corporate Bonds and Notes            | 28,153,324            | 4,508,650             | 23,644,674           |
| Money Market Mutual Funds            | 12,350,813            | 12,350,813            |                      |
| <b>Total investments</b>             | <b>\$ 175,486,742</b> | <b>\$ 95,542,865</b>  | <b>\$ 79,943,877</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                   | \$ 11,000             |
| Amount of deposits             | 14,748,974            |
| Amount of investments          | 175,486,742           |
| <b>Total</b>                   | <b>\$ 190,246,716</b> |

| Statement of Net Position            | Amount                |
|--------------------------------------|-----------------------|
| Cash and cash equivalents            | \$ 58,815,883         |
| Current investments                  | 15,245,124            |
| Restricted Assets:                   |                       |
| Cash and cash equivalents            | 79,093                |
| Cash and investments held by trustee | 12,350,813            |
| Other long-term investments          | 103,755,803           |
| <b>Total</b>                         | <b>\$ 190,246,716</b> |

**Notes to Financial Statements**

**3. CAPITAL ASSETS**

The College’s capital asset activity for the year ended June 30, 2023, is detailed below:

| <b>Description</b>                                  | <b>Balance</b>        |                      |                      | <b>Balance</b>        |
|---|-----------------------|----------------------|----------------------|-----------------------|
|   | <b>July 1, 2022*</b>  | <b>Increases</b>     | <b>Decreases</b>     |                       |
|   | <b>(Restated)</b>     |                      |                      |                       |
| Land and improvements                               | \$ 18,897,506         |                      |                      | \$ 18,897,506         |
| Construction in progress                            | 48,851,182            | \$ 18,741,324        | \$ 50,668,606        | 16,923,900            |
| <b>Depreciable/amortized assets</b>                 |                       |                      |                      |                       |
| Buildings and improvements                          | 194,733,390           | 50,957,931           |                      | 245,691,321           |
| Equipment   | 39,464,243            | 5,069,549            | 1,766,434            | 42,767,358            |
| Leasehold improvements                              | 2,697,562             |                      |                      | 2,697,562             |
| Library books                                       | 6,587,953             | 246,150              | 909,784              | 5,924,319             |
| Intangible right-to-use:                            |                       |                      |                      |                       |
| Leased buildings                                    | 1,274,510             |                      |                      | 1,274,510             |
| Subscription assets                                 | 4,889,556             | 3,836,287            |                      | 8,725,843             |
| <b>Total capital assets</b>                         | <b>\$ 317,395,902</b> | <b>\$ 78,851,241</b> | <b>\$ 53,344,824</b> | <b>\$ 342,902,319</b> |
| <b>Less accumulated depreciation / amortization</b> |                       |                      |                      |                       |
| Buildings and improvements                          | \$ 126,894,890        | \$ 3,737,225         |                      | \$ 130,632,115        |
| Equipment   | 30,647,055            | 3,542,192            | \$ 1,762,078         | 32,427,169            |
| Leasehold improvements                              | 2,009,069             | 93,332               |                      | 2,102,401             |
| Library books                                       | 5,223,907             | 328,731              | 909,784              | 4,642,854             |
| Intangible right-to-use:                            |                       |                      |                      |                       |
| Leased buildings                                    | 127,451               | 127,451              |                      | 254,902               |
| Subscription assets                                 |                       | 2,126,984            |                      | 2,126,984             |
| <b>Total accumulated depreciation/amortization</b>  | <b>164,902,372</b>    | <b>9,955,915</b>     | <b>2,671,862</b>     | <b>172,186,425</b>    |
| <b>Capital assets, net</b>                          | <b>\$ 152,493,530</b> | <b>\$ 68,895,326</b> | <b>\$ 50,672,962</b> | <b>\$ 170,715,894</b> |

\*Due to the implementation of GASB Statement No. 96 for Subscription-based Information Technology Arrangements, the College’s beginning Subscription assets balance was restated from fiscal year 2022. There was no impact to net position.

**4. LONG-TERM LIABILITIES**

The following schedule details the College’s long-term liability and obligation activity for the year ended June 30, 2023:

| <b>Description</b>                                      | <b>Balance</b>                  |                      |                      | <b>Balance</b>        | <b>Due Within</b>    |
|---|---------------------------------|----------------------|----------------------|-----------------------|----------------------|
|   | <b>July 1, 2022 (Restated)*</b> | <b>Additions</b>     | <b>Reductions</b>    |                       |                      |
| <b>Bonds Payable:</b>                                   |                                 |                      |                      |                       |                      |
| Revenue Bonds   | \$ 50,505,000                   |                      | \$ 1,955,000         | \$ 48,550,000         | \$ 2,055,000         |
| Premiums  | 5,952,749                       |                      | 658,817              | 5,293,932             | 628,789              |
| <b>Total bonds payable</b>                              | <b>56,457,749</b>               |                      | <b>2,613,817</b>     | <b>53,843,932</b>     | <b>2,683,789</b>     |
| Compensated absences                                    | 8,033,981                       | \$ 7,363,065         | 6,381,999            | 9,015,047             | 4,839,562            |
| Financed purchase obligations                           | 2,969,401                       |                      | 1,052,371            | 1,917,030             | 875,739              |
| Leases payable  | 1,170,000                       |                      | 109,200              | 1,060,800             | 114,036              |
| Subscriptions payable                                   | 4,889,556                       | 3,836,287            | 1,825,155            | 6,900,688             | 2,304,002            |
| Net pension and other postemployment benefits liability | 86,373,798                      | 16,600,392           |                      | 102,974,190           |                      |
| <b>Total long-term liabilities</b>                      | <b>\$ 159,894,485</b>           | <b>\$ 27,799,744</b> | <b>\$ 11,982,542</b> | <b>\$ 175,711,687</b> | <b>\$ 10,817,128</b> |

\*Due to implementation of GASB Statement No. 96 for Subscription-based Information Technology Arrangements, the College’s beginning subscriptions payable balance was restated from fiscal year 2022. There was no impact to net position.

**Notes to Financial Statements**

**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.

The following bonds were outstanding at June 30, 2023:

| <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               | 2024-37                | 5.0%                  | \$ 40,255,000                |
|                    |                                   | 8,295,000                   | 2038-39                | 4.0%                  | 8,295,000                    |
|                    |                                   | <b><u>\$ 57,415,000</u></b> |                        |                       | <b><u>\$ 48,550,000</u></b>  |

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

| <u>Year ending June 30</u> | <u>Revenue Bonds</u>        |                             |
|----------------------------|-----------------------------|-----------------------------|
|                            | <u>Principal</u>            | <u>Interest</u>             |
| 2024                       | \$ 2,055,000                | \$ 2,293,175                |
| 2025                       | 2,155,000                   | 2,187,925                   |
| 2026                       | 2,265,000                   | 2,077,425                   |
| 2027                       | 2,380,000                   | 1,961,300                   |
| 2028                       | 2,495,000                   | 1,839,425                   |
| 2029-33                    | 14,480,000                  | 7,146,000                   |
| 2034-38                    | 18,490,000                  | 3,064,325                   |
| 2039                       | 4,230,000                   | 84,600                      |
| <b>Total</b>               | <b><u>\$ 48,550,000</u></b> | <b><u>\$ 20,654,175</u></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 12.3 percent of gross revenues. The total principal and interest remaining to be paid on the bonds is \$69,204,175. The total gross revenues for the current year was \$35,525,893.

**Financed purchase obligations**

The College has entered into various long term financed purchase obligations to acquire equipment at a total purchase price of \$4,342,670. The following schedule details debt service requirements to maturity for the College’s financed purchases at June 30, 2023:

| <u>Year ending June 30</u> | <u>Principal</u>           | <u>Interest</u>         |
|----------------------------|----------------------------|-------------------------|
| 2024                       | \$ 875,739                 | \$ 59,826               |
| 2025                       | 657,645                    | 29,490                  |
| 2026                       | 383,646                    | 7,632                   |
| <b>Total</b>               | <b><u>\$ 1,917,030</u></b> | <b><u>\$ 96,948</u></b> |

**Notes to Financial Statements**

**Leases**

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

|   |                            |
|---|----------------------------|
| Total intangible right-to-use leased assets | \$ 1,274,510               |
| Less: accumulated amortization              | <u>(254,902)</u>           |
| <b>Carrying value</b>                       | <b><u>\$ 1,019,608</u></b> |

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

| <u>Year ending June 30</u> | <u>Principal</u>           | <u>Interest</u>          |
|----------------------------|----------------------------|--------------------------|
| 2024                       | \$ 114,036                 | \$ 21,216                |
| 2025                       | 119,022                    | 18,935                   |
| 2026                       | 124,161                    | 16,555                   |
| 2027                       | 129,458                    | 14,072                   |
| 2028                       | 134,919                    | 11,482                   |
| 2029-2031                  | <u>439,204</u>             | <u>17,803</u>            |
| <b>Total</b>               | <b><u>\$ 1,060,800</u></b> | <b><u>\$ 100,063</u></b> |

**Subscription-based information technology arrangements (SBITAs)**

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

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

|   |                            |
|---|----------------------------|
| Total intangible right-to-use subscription assets | \$ 8,725,843               |
| Less: accumulated amortization                    | <u>(2,126,984)</u>         |
| <b>Carrying value</b>                             | <b><u>\$ 6,598,859</u></b> |

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

| <u>Year ending June 30</u> | <u>Principal</u>           | <u>Interest</u>          |
|----------------------------|----------------------------|--------------------------|
| 2024                       | \$ 2,304,002               | \$ 189,769               |
| 2025                       | 2,155,039                  | 126,408                  |
| 2026                       | 1,675,197                  | 67,145                   |
| 2027                       | 754,285                    | 21,079                   |
| 2028                       | <u>12,165</u>              | <u>335</u>               |
| <b>Total</b>               | <b><u>\$ 6,900,688</u></b> | <b><u>\$ 404,736</u></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 PSPRS net other post-employment benefits (OPEB) asset have been recorded at June 30, 2023, PSPRS has not been further disclosed due to its relative insignificance to the College's financial statements.

## Notes to Financial Statements

At June 30, 2023, the College reported the following aggregate amounts related to pensions and OPEB for the two plans:

|   |    |             |
|---|----|-------------|
| Net OPEB asset  | \$ | 3,593,794   |
| Net pension and OPEB liability                              |    | 102,974,190 |
| Deferred outflows of resources related to pensions and OPEB |    | 18,605,102  |
| Deferred inflows of resources related to pensions and OPEB  |    | 8,133,317   |
| Pension and OPEB expense                                    |    | 8,476,856   |

### 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:

|  | <b>Retirement</b>   |   |
|--|---|---|
|  | <b>Initial membership date:</b>   |   |
|  | <u>Before July 1, 2011</u>  | <u>On or after July 1, 2011</u>   |
| Years of service and age required to receive benefit | Sum of years and age equals 80<br>10 years, age 62<br>5 years, age 50*<br>any years, age 65 | 30 years, age 55<br>25 years, age 60<br>10 years, age 62<br>5 years, age 50*<br>any years, age 65 |
| Final average salary is based on                     | Highest 36 consecutive months of last 120 months  | Highest 60 consecutive months of last 120 months  |
| Benefit percent per year of service                  | 2.1% to 2.3%  | 2.1% to 2.3%  |
| *With actuarially reduced benefits.                  |   |   |

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the retirement benefit option chosen determines the survivor benefit. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the

**Notes to Financial Statements**

benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

**Contributions:**

In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2023, statute required active ASRS members to contribute at the actuarially determined rate of 12.17 percent (12.03 percent for retirement and 0.14 percent for long-term disability) of the members’ annual covered payroll, and statute required the College to contribute at the actuarially determined rate of 12.17 percent (11.92 percent for retirement, 0.11 percent for health insurance premium benefit, and 0.14 percent for long-term disability) of the active members’ annual covered payroll. In addition, the College was required by statute to contribute at the actuarially determined rate of 9.68 percent (9.62 percent for retirement and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked for the College in positions that an employee who contributes to ASRS would typically fill. The College’s contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2023, were \$9,747,494, \$87,555, and \$113,317, respectively.

**Liability:**

At June 30, 2023, 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<br/>(asset) liability</b> |
|----------------------------------|---|
| Pension                          | \$ 97,355,519                                 |
| Health insurance premium benefit | (3,347,640)                                   |
| Long-term disability             | 55,128  |

The net asset and net liabilities were measured as of June 30, 2022. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2021, to the measurement date of June 30, 2022.

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

| <b>ASRS</b>                      | <b>Proportion<br/>June 30, 2022</b> | <b>Decrease from<br/>June 30, 2021</b> |
|----------------------------------|-------------------------------------|--|
| Pension                          | 0.59646%                            | (0.02072)                              |
| Health insurance premium benefit | 0.59983%                            | (0.02109)                              |
| Long-term disability             | 0.59688%                            | (0.02195)                              |

**Notes to Financial Statements**

**Expense:**

For the year ended June 30, 2023, the College recognized the following pension and OPEB expense:

| <u>ASRS</u>                      | <u>Pension/OPEB Expense</u> |
|----------------------------------|-----------------------------|
| Pension                          | \$ 8,340,548                |
| Health insurance premium benefit | (484,136)                   |
| Long-term disability             | 9,658                       |

**Deferred outflows/inflows of resources:**

At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to ASRS pensions and OPEB from the following sources:

|  | <u>Pension</u>                        |                                      | <u>Health insurance premium benefit</u> |                                      | <u>Long-term disability</u>           |                                      |
|--|---------------------------------------|--------------------------------------|---|--------------------------------------|---------------------------------------|--------------------------------------|
|  | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u>   | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences between expected and actual experience   | \$ 829,527                            |                                      |   | \$ 1,708,445                         | \$ 28,693                             | \$ 51,367                            |
| Changes of assumptions or other inputs   | 4,831,943                             |                                      | \$ 54,332                               | 91,301                               | 30,022                                | 134,548                              |
| Net difference between projected and actual earnings on plan investments                                     |                                       | \$ 2,564,438                         |   | 112,767                              |                                       | 1,714                                |
| Changes in proportion and differences between college contributions and proportionate share of contributions |                                       | 2,987,161                            | 28,903                                  | 177                                  |                                       | 45,112                               |
| College contributions subsequent to the measurement date   | 9,747,494                             |                                      | 87,555                                  |                                      | 113,317                               |                                      |
| <b>Total</b>   | <b>\$ 15,408,964</b>                  | <b>\$ 5,551,599</b>                  | <b>\$ 170,790</b>                       | <b>\$ 1,912,690</b>                  | <b>\$ 172,032</b>                     | <b>\$ 232,741</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, 2024. 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> |
|-----------------------------|----------------|---|-------------------------------|
| 2024                        | \$ 2,617,600   | \$ (504,439)                            | \$ (20,598)                   |
| 2025                        | (2,159,766)    | (549,174)                               | (23,681)                      |
| 2026                        | (4,452,468)    | (602,895)                               | (36,589)                      |
| 2027                        | 4,104,505      | (85,302)                                | (12,111)                      |
| 2028                        |                | (87,645)                                | (30,796)                      |
| Thereafter                  |                |   | (50,251)                      |

**Notes to Financial Statements**

**Actuarial assumptions:**

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

|                             |   |
|-----------------------------|---|
| Actuarial valuation date    | June 30, 2021   |
| Actuarial roll forward date | June 30, 2022   |
| Actuarial cost method       | Entry age normal  |
| Investment rate of return   | 7.0%  |
| Projected salary increases  | 2.9–8.4% for 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, 2021, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

The long-term expected rate of return on ASRS plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u>                   | <u>Target Allocation</u> | <u>Long-Term<br/>Expected<br/>Geometric Real<br/>Rate of Return</u> |
|--------------------------------------|--------------------------|---|
| Equity                               | 50%                      | 3.90%   |
| Fixed income-credit                  | 20%                      | 5.30%   |
| Fixed income-interest rate sensitive | 10%                      | (0.20%)   |
| Real estate                          | <u>20%</u>               | 6.00%   |
| Total                                | <u>100%</u>              |   |

**Discount rate:**

At June 30, 2022, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

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

The following table presents the College’s proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.0 percent, as well as what the College’s proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

## Notes to Financial Statements

| <u>College's proportionate share of the</u>               | <u>1% Decrease<br/>(6.0%)</u> | <u>Current<br/>Discount Rate<br/>(7.0%)</u> | <u>1% Increase<br/>(8.0%)</u> |
|---|-------------------------------|---|-------------------------------|
| Net pension liability                                     | \$ 143,645,174                | \$ 97,355,519                               | \$ 58,757,179                 |
| Net health insurance premium<br>benefit liability (asset) | (2,407,136)                   | (3,347,640)                                 | (4,145,640)                   |
| Net long-term disability liability                        | 91,386                        | 55,128                                      | 19,988                        |

### 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 \$652,647 of outstanding pension and OPEB contribution amounts payable to ASRS for the year ended June 30, 2023, which includes \$11,145 for alternate contributions for retirees.

## 6. RISK MANAGEMENT

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

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

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

The insurance claims payable of \$614,200 at June 30, 2023, 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, 2022, and June 30, 2023, are as follows:

## Notes to Financial Statements

| <b>Prescription Plan</b>                 | <b>Year Ending June 30</b> |             |
|--|----------------------------|-------------|
|  | <b>2022</b>                | <b>2023</b> |
| Claims liability at beginning of year    | \$ 67,886                  | \$ 66,706   |
| Current year actual and estimated claims | 3,087,837                  | 3,122,766   |
| Payments on claims                       | (3,089,017)                | (3,121,041) |
| Claims liability at end of year          | \$ 66,706                  | \$ 68,431   |

| <b>Health Plan</b>                       | <b>Year Ending June 30</b> |             |
|--|----------------------------|-------------|
|  | <b>2022</b>                | <b>2023</b> |
| Claims liability at beginning of year    | \$ 464,814                 | \$ 515,794  |
| Current year actual and estimated claims | 7,641,741                  | 6,157,460   |
| Payments on claims                       | (7,590,761)                | (6,127,485) |
| Claims liability at end of year          | \$ 515,794                 | \$ 545,769  |

### 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:

| <b>Description</b>                 | <b>Amount</b>         |
|------------------------------------|-----------------------|
| Employee Compensation and Benefits | \$ 137,628,765        |
| Communications and Utilities       | 5,581,122             |
| Travel                             | 1,931,170             |
| Contractual Services               | 39,190,577            |
| Supplies and Materials             | 13,382,970            |
| Student Financial Aid              | 13,630,228            |
| Other Expenses                     | 6,418,057             |
| Depreciation and Amortization      | 9,955,915             |
| <b>Total operating expenses</b>    | <b>\$ 227,718,804</b> |

### 8. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

At June 30, 2023, the College had the following major contractual commitments:

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

The College had construction contractual commitments of \$713,430 to expand the current Aviation structure with necessary equipment. Funding for these expenditures will be primarily from capital reserves.

#### **Applied Technology Center - Advanced Manufacturing Building Construction:**

The College had construction contractual commitments of \$3,915,240 for the Advanced Manufacturing building. Of this funding \$759,402 was for completion of the building from the 2019 Revenue Bonds and the remainder \$3,155,838 for infrastructure and equipment will come from capital reserves.

#### **Health Professions (formerly Allied Health) Renovations:**

The College had construction contractual commitments of \$1,219,294 to expand and renovate the Health Professions Center of Excellence. Funding for these expenditures will be primarily from capital reserves.

## Notes to Financial Statements

### **Science Labs Renovations:**

The College had contractual commitments of \$4,774,694 to expand and renovate the current Science Labs Health Center of Excellence. Funding for these projects will be primarily from capital reserves.

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

The College had contractual commitments to upgrade various IT equipment, technology software contracts, and classrooms upgrades of \$1,972,044. Funding for these projects will be primarily from capital reserves.

### **Other Deferred Maintenance projects:**

The College had contractual commitments for deferred maintenance of \$1,362,888 for building maintenance, physical access upgrades, and utilities infrastructure upgrades. Funding for these projects will be primarily from capital projects reserves.

### **TRANE Learning Labs:**

The College had contractual commitments of \$7,315,839 for development and implementation of an assessment of District utility costs, HVAC enhancement, and establishment of Learning Labs. College staff and faculty and students will implement modeling to achieve overall efficiencies to meet both academic and operational objectives. Funding for this project will be primarily from capital project reserves.

### **Downtown Campus Properties Expansion:**

The College had contractual commitments for renovation and upgrades to already purchased properties adjacent to the Downtown Campus of \$1,352,986. Funding for these expenditures will be primarily from capital projects reserves.

### **Subscription-Based Information Technology Arrangements:**

The College had contractual commitments related to subscription-based information technology arrangements for which the subscription term had not yet commenced at June 30, 2023. These are generally for College-wide software. At June 30, 2023, the College had made payments of \$64,984 to the vendors and had remaining contractual commitments with vendors of \$643,738, including the subscription liabilities that will be recognized at the commencement of the subscription terms.

## **9. DISCRETELY PRESENTED COMPONENT UNIT – PIMA COMMUNITY COLLEGE FOUNDATION**

### **9a. Summary of Significant Accounting Policies**

#### **Reporting Entity:**

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

#### **Basis of Accounting:**

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

#### **Basis of Presentation:**

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

## Notes to Financial Statements

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and the board of directors. Net assets without donor restrictions at June 30, 2023 includes \$1,269,184 designated by the board of directors as an endowment fund.

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

### **Contributions:**

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

### **Use of Estimates:**

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and expenses during the reporting period. Actual results could differ from those estimates.

### **Income Tax Status:**

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

### **Cash and Cash Equivalents:**

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

### **Concentration of Risk:**

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents and investment balances. The Foundation maintains its cash in bank deposit accounts, which may exceed federally insured limits. The Federal Deposit Insurance Corporation (FDIC) insures cash accounts at banks up to \$250,000 per institution. Investments held by other institutions are insured up to \$500,000 under insurance provided by the Securities Investor Protection Corporation (SIPC). However, SIPC does not protect against losses in market value. At June 30, 2023, there was \$12,932,396 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.

### **Accounts Receivable:**

Accounts receivable in the amount of \$82,660 represents expense reimbursements due from the College as of June 30, 2023.

## Notes to Financial Statements

### 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.

### Deferred Revenues:

Deferred revenues in the amount of \$88,347 at June 30, 2023 is comprised of \$25,447 relating to a services agreement with the College, and \$62,900 relating to a conditional grant.

### Donated Services, Materials and Facilities:

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

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

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

### Advertising:

The Foundation expenses advertising costs as incurred. The Foundation does not participate in direct-response advertising, which requires the capitalization and amortization of related costs. Advertising costs totaled \$42,163 during the year ended June 30, 2023.

## 9b. Cash and Investments

At June 30, 2023, the Foundation's cash and cash equivalents were \$178,007. The Financial Accounting Standards Board has established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

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

Level 2: Inputs to the valuation methodology include:

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

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

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

**Notes to Financial Statements**

The Foundation’s other long-term investments measured at fair value as of June 30, 2023, consisted of the following:

| <b>Foundation 2023</b>                 | <b>Fair Value</b>    |                      |                |                   |
|--|----------------------|----------------------|----------------|-------------------|
|  | <b>Total</b>         | <b>Level 1</b>       | <b>Level 2</b> | <b>Level 3</b>    |
| Mutual Funds                           | \$ 8,827,441         | \$ 8,827,441         |                |                   |
| Fixed Income                           | 4,449,027            | 4,449,027            |                |                   |
| Alternative investments                | 180,308              |                      |                | \$ 180,308        |
| <b>Total investments at fair value</b> | <b>\$ 13,456,776</b> | <b>\$ 13,276,468</b> | <b>\$ 0</b>    | <b>\$ 180,308</b> |

**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, 2023 comprised of:

|  | <b>Without Donor Restrictions</b> | <b>With Donor Restrictions</b> | <b>Total</b>        |
|--|-----------------------------------|--------------------------------|---------------------|
| Board-designated endowment funds   | \$ 1,269,184                      |                                | \$ 1,269,184        |
| Donor-restricted endowment funds:  |                                   |                                |                     |
| Original donor-restricted gift amount and amounts required to be maintained in Perpetuity by the donor |                                   | \$ 6,197,822                   | 6,197,822           |
| Accumulated earnings – scholarships  |                                   | 240,210                        | 240,210             |
|  | <b>\$ 1,269,184</b>               | <b>\$ 6,438,032</b>            | <b>\$ 7,707,216</b> |

Changes in endowment net assets for the year ended June 30, 2023 are:

|                                   | <b>Without Donor Restrictions</b> | <b>With Donor Restrictions</b> | <b>Total</b>        |
|-----------------------------------|-----------------------------------|--------------------------------|---------------------|
| Balance, June 30, 2022            | \$ 1,266,361                      | \$ 5,554,418                   | \$ 6,820,779        |
| Contributions                     | 2,823                             | 755,687                        | 758,510             |
| Investment income                 |                                   | 438,171                        | 438,171             |
| Appropriation and releases        |                                   | (310,244)                      | (310,244)           |
| Endowment net assets, end of year | <b>\$ 1,269,184</b>               | <b>\$ 6,438,032</b>            | <b>\$ 7,707,216</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<br>(Measurement Date) |                        |                        |                        |                           |
|---|---|------------------------|------------------------|------------------------|---------------------------|
|   | 2023<br>(2022)                              | 2022<br>(2021)         | 2021<br>(2020)         | 2020<br>(2019)         | 2019<br>(2018)            |
| College’s proportion of the net pension liability   | 0.5965%                                     | 0.6172%                | 0.6356%                | 0.6482%                | 0.7402%                   |
| College’s proportionate share of the net pension liability  | \$97,355,519                                | \$81,094,712           | \$110,130,827          | \$94,319,187           | \$103,226,272             |
| College’s covered payroll   | \$71,608,391                                | \$69,811,271           | \$70,130,383           | \$68,450,938           | \$73,768,417              |
| College’s proportionate share of the net pension liability as a percentage of its covered payroll | 135.96%                                     | 116.16%                | 157.04%                | 137.79%                | 139.93%                   |
| Plan fiduciary net position as a percentage of the total pension liability                        | 74.26%                                      | 78.58%                 | 69.33%                 | 73.24%                 | 73.40%                    |
|   | <b>2018<br/>(2017)</b>                      | <b>2017<br/>(2016)</b> | <b>2016<br/>(2015)</b> | <b>2015<br/>(2014)</b> | <b>2014<br/>(2013)</b>    |
| College’s proportion of the net pension liability   | 0.7574%                                     | 0.8152%                | 0.8238%                | 0.8210%                | Information not available |
| College’s proportionate share of the net pension liability  | \$117,992,830                               | \$131,576,627          | \$128,312,064          | \$121,480,198          |                           |
| College’s covered payroll   | \$74,350,845                                | \$77,048,076           | \$76,259,354           | \$74,240,051           |                           |
| College’s proportionate share of the net pension liability as a percentage of its covered payroll | 158.69%                                     | 170.77%                | 168.26%                | 163.63%                |                           |
| Plan fiduciary net position as a percentage of the total pension liability                        | 69.92%                                      | 67.06%                 | 68.35%                 | 69.49%                 |                           |

**ASRS – Health insurance premium benefit**

|  | Reporting Fiscal Year<br>(Measurement Date) |                |                |                |                |                | 2017<br>through<br>2014 |
|--|---|----------------|----------------|----------------|----------------|----------------|-------------------------|
|  | 2023<br>(2022)                              | 2022<br>(2021) | 2021<br>(2020) | 2020<br>(2019) | 2019<br>(2018) | 2018<br>(2017) |                         |
| College’s proportion of the net OPEB (asset)   | 0.5998%                                     | 0.6209%        | 0.6372%        | 0.6491%        | 0.7419%        | 0.7601%        | Information             |
| College’s proportionate share of the net OPEB (asset)  | \$(3,347,640)                               | \$(3,025,173)  | \$(451,107)    | \$(179,370)    | \$(267,155)    | \$(413,793)    | not                     |
| College’s covered payroll  | \$71,608,391                                | \$69,811,271   | \$70,130,383   | \$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 | (4.67%)                                     | (4.33%)        | (0.64%)        | (0.26%)        | (0.36%)        | (0.56%)        |                         |
| Plan fiduciary net position as a percentage of the total OPEB liability                      | 137.79%                                     | 130.24%        | 104.33%        | 101.62%        | 102.20%        | 103.57%        |                         |

**Required Supplementary Information**

**ASRS – Long-term disability**

|  | Reporting Fiscal Year<br>(Measurement Date) |                |                |                |                |                | 2017<br>through<br>2014 |
|--|---|----------------|----------------|----------------|----------------|----------------|-------------------------|
|  | 2023<br>(2022)                              | 2022<br>(2021) | 2021<br>(2020) | 2020<br>(2019) | 2019<br>(2018) | 2018<br>(2017) |                         |
| College’s proportion of the net OPEB liability   | 0.5969%                                     | 0.6188%        | 0.6361%        | 0.6477%        | 0.7409%        | 0.7569%        | Information             |
| College’s proportionate share of the net OPEB liability  | \$55,128                                    | \$127,742      | \$482,545      | \$421,915      | \$387,129      | \$274,355      | not                     |
| College’s covered payroll  | \$71,608,391                                | \$69,811,271   | \$70,130,383   | \$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 | 0.08%                                       | 0.18%          | 0.69%          | 0.62%          | 0.52%          | 0.37%          |                         |
| Plan fiduciary net position as a percentage of the total OPEB liability                        | 95.40%                                      | 90.38%         | 68.01%         | 72.85%         | 77.83%         | 84.44%         |                         |

**Schedule of College Pension/OPEB Contributions**

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

|  | Reporting Fiscal Year |              |              |              |              |
|--|-----------------------|--------------|--------------|--------------|--------------|
|  | 2023                  | 2022         | 2021         | 2020         | 2019         |
| Statutorily required contribution  | \$9,747,494           | \$8,567,994  | \$8,114,171  | \$8,009,796  | \$7,639,098  |
| College’s contributions in relation to the statutorily required contribution | \$9,747,494           | \$8,567,994  | \$8,114,171  | \$8,009,796  | \$7,639,098  |
| College’s contribution deficiency (excess)                                   | -                     | -            | -            | -            | -            |
| College’s covered payroll  | \$82,272,337          | \$71,608,391 | \$69,811,271 | \$70,130,383 | \$68,450,938 |
| College’s contributions as a percentage of covered payroll                   | 11.85%                | 11.97%       | 11.62%       | 11.42%       | 11.16%       |

**ASRS – Pension**

|  | Reporting Fiscal Year |              |              |              |              |
|--|-----------------------|--------------|--------------|--------------|--------------|
|  | 2018                  | 2017         | 2016         | 2015         | 2014         |
| Statutorily required contribution  | \$8,015,151           | \$7,985,084  | \$8,328,186  | \$8,288,807  | \$7,918,797  |
| College’s contributions in relation to the statutorily required contribution | \$8,015,151           | \$7,985,084  | \$8,328,186  | \$8,288,807  | \$7,918,797  |
| College’s contribution deficiency (excess)                                   | -                     | -            | -            | -            | -            |
| College’s covered payroll  | \$73,768,417          | \$74,350,845 | \$77,048,076 | \$76,259,354 | \$74,240,051 |
| College’s contributions as a percentage of covered payroll                   | 10.87%                | 10.74%       | 10.81%       | 10.87%       | 10.67%       |

**Required Supplementary Information**

**ASRS – Health insurance premium benefit**

|  | Reporting Fiscal Year |              |              |              |              |              |              | 2016<br>through<br>2014 |
|--|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------------|
|  | 2023                  | 2022         | 2021         | 2020         | 2019         | 2018         | 2017         |                         |
| Statutorily required contribution  | \$87,555              | \$147,040    | \$266,650    | \$335,181    | \$306,985    | \$318,287    | \$410,413    | Information             |
| College's contributions in relation to the statutorily required contribution | \$87,555              | \$147,040    | \$266,650    | \$335,181    | \$306,985    | \$318,287    | \$410,413    | not available           |
| College's contribution deficiency (excess)                                   | -                     | -            | -            | -            | -            | -            | -            |                         |
| College's covered payroll  | \$82,272,337          | \$71,608,391 | \$69,811,271 | \$70,130,383 | \$68,450,938 | \$73,768,417 | \$74,350,845 |                         |
| College's contributions as a percentage of covered payroll                   | 0.11%                 | 0.21%        | 0.38%        | 0.48%        | 0.45%        | 0.43%        | 0.55%        |                         |

**ASRS – Long-term disability**

|  | Reporting Fiscal Year |              |              |              |              |              |              | 2016<br>Through<br>2014 |
|--|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------------|
|  | 2023                  | 2022         | 2021         | 2020         | 2019         | 2018         | 2017         |                         |
| Statutorily required contribution  | \$113,317             | \$133,432    | \$124,216    | \$107,779    | \$107,649    | \$117,496    | \$103,438    | Information             |
| College's contributions in relation to the statutorily required contribution | \$113,317             | \$133,432    | \$124,216    | \$107,779    | \$107,649    | \$117,496    | \$103,438    | not available           |
| College's contribution deficiency (excess)                                   | -                     | -            | -            | -            | -            | -            | -            |                         |
| College's covered payroll  | \$82,272,337          | \$71,608,391 | \$69,811,271 | \$70,130,383 | \$68,450,938 | \$73,768,417 | \$74,350,845 |                         |
| College's contributions as a percentage of covered payroll                   | 0.14%                 | 0.19%        | 0.18%        | 0.15%        | 0.16%        | 0.16%        | 0.14%        |                         |

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# Statistical Section



PimaCountyCommunityCollegeDistrict



**Pima County Community College District  
Statistical Section**

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**Pima County Community College District  
Financial Trends**

**Schedule of Net Position by Component**  
Last Ten Fiscal Years

|                                  | Fiscal Year           |                       |                       |                       |                       |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                  | 2023                  | 2022                  | 2021                  | 2020                  | 2019                  |
| Net Investment in Capital Assets | \$ 115,172,346        | \$ 106,323,112        | \$ 100,032,307        | \$ 92,788,602         | \$ 92,872,863         |
| Restricted - expendable          | 27,432,257            | 65,942,454            | 51,522,969            | 47,633,485            | 29,435,074            |
| Restricted - nonexpendable       | 0                     | 0                     | 0                     | 0                     | 0                     |
| Unrestricted (deficit)           | 52,872,340            | 34,640,978            | 27,184,142            | 13,571,472            | (3,458,207)           |
| <b>Total Net Position</b>        | <b>\$ 195,476,943</b> | <b>\$ 206,906,544</b> | <b>\$ 178,739,418</b> | <b>\$ 153,993,559</b> | <b>\$ 118,849,730</b> |

|                                  | Fiscal Year          |                      |                      |                      |                       |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
|                                  | 2018                 | 2017                 | 2016                 | 2015                 | 2014                  |
| Net Investment in Capital Assets | \$ 96,772,449        | \$ 100,330,570       | \$ 106,258,844       | \$ 111,016,873       | \$ 116,017,978        |
| Restricted - expendable          | 12,451,846           | 11,339,876           | 10,126,191           | 8,652,563            | 9,091,749             |
| Restricted - nonexpendable       | 0                    | 0                    | 0                    | 217,399              | 1,573,607             |
| Unrestricted (deficit)           | (20,815,356)         | (39,778,165)         | (50,097,749)         | (51,900,890)         | 80,543,605            |
| <b>Total Net Position</b>        | <b>\$ 88,408,939</b> | <b>\$ 71,892,281</b> | <b>\$ 66,287,286</b> | <b>\$ 67,985,945</b> | <b>\$ 207,226,939</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**  
Last Ten Fiscal Years

|   | <b>2023</b>     | <b>2022</b>   | <b>Fiscal Year<br/>2021</b> | <b>2020</b>   | <b>2019</b>   |
|---|-----------------|---------------|-----------------------------|---------------|---------------|
| <b>Income (Loss) Before Other Changes in Net Position</b> | \$ (11,979,954) | \$ 28,099,912 | \$ 24,721,934               | \$ 20,137,409 | \$ 30,428,217 |
| Capital Appropriations                                    | 0               | 0             | 0                           | 15,000,000    | 0             |
| Capital Gifts and Grants                                  | 550,353         | 67,214        | 23,925                      | 6,420         | 12,574        |
| <b>Total Change in Net Position</b>                       | \$ (11,429,601) | \$ 28,167,126 | \$ 24,745,859               | \$ 35,143,829 | \$ 30,440,791 |

|   | <b>2018</b>   | <b>2017</b>  | <b>Fiscal Year<br/>2016</b> | <b>2015</b>    | <b>2014</b>    |
|---|---------------|--------------|-----------------------------|----------------|----------------|
| <b>Income (Loss) Before Other Changes in Net Position</b> | \$ 16,271,672 | \$ 5,565,475 | \$ (1,736,314)              | \$ (7,776,128) | \$ (8,054,427) |
| Capital Appropriations                                    | 0             | 0            | 0                           | 0              | 0              |
| Capital Gifts and Grants                                  | 80,650        | 39,520       | 37,655                      | 136,341        | 30,673         |
| <b>Total Change in Net Position</b>                       | \$ 16,352,322 | \$ 5,604,995 | \$ (1,698,659)              | \$ (7,639,787) | \$ (8,023,754) |

Source: District Records

**Pima County Community College District  
Financial Trends**

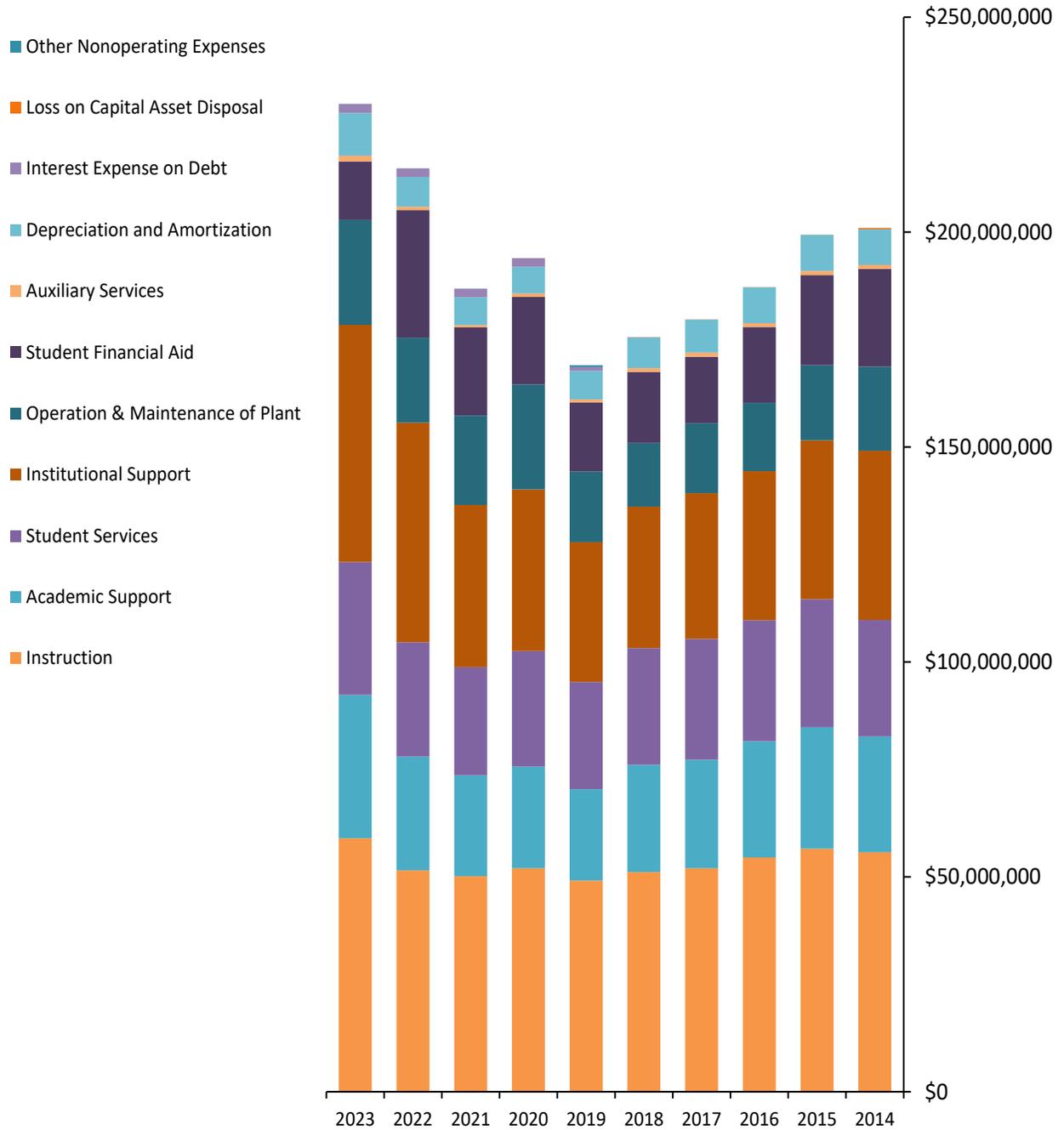
**Schedule of Expenses by Identifiable Activity**  
Last Ten Fiscal Years

|                                    | Fiscal Year           |                       |                       |                       |                       |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                    | 2023                  | 2022                  | 2021                  | 2020                  | 2019                  |
| <b>Operating Expenses</b>          |                       |                       |                       |                       |                       |
| Instruction                        | \$ 58,970,986         | \$ 51,520,705         | \$ 50,146,277         | \$ 51,995,932         | \$ 49,107,804         |
| Academic Support                   | 33,369,358            | 26,443,212            | 23,498,897            | 23,613,165            | 21,283,643            |
| Student Services                   | 30,887,444            | 26,614,475            | 25,149,012            | 26,918,295            | 24,979,942            |
| Institutional Support              | 55,170,263            | 51,103,682            | 37,704,809            | 37,608,384            | 32,503,926            |
| Operation and Maintenance of Plant | 24,447,529            | 19,767,680            | 20,816,787            | 24,419,277            | 16,432,731            |
| Student Financial Aid              | 13,630,228            | 29,679,226            | 20,493,275            | 20,344,895            | 16,095,595            |
| Auxiliary Enterprises              | 1,287,081             | 792,512               | 547,918               | 857,520               | 681,532               |
| Depreciation and Amortization      | 9,955,915             | 6,925,594             | 6,501,698             | 6,187,093             | 6,626,827             |
| <b>Total Operating Expenses</b>    | <b>227,718,804</b>    | <b>212,847,086</b>    | <b>184,858,673</b>    | <b>191,944,561</b>    | <b>167,712,000</b>    |
| <b>Nonoperating Expenses</b>       |                       |                       |                       |                       |                       |
| Interest Expense on Debt           | 2,061,670             | 1,948,384             | 1,947,842             | 2,013,973             | 883,313               |
| Loss on Capital Asset Disposal     | 0                     | 0                     | 0                     | 0                     | 0                     |
| Other Nonoperating Expenses        | 42,527                | 37,425                | 683                   | 0                     | 451,557               |
| <b>Total Nonoperating Expenses</b> | <b>2,104,197</b>      | <b>1,985,809</b>      | <b>1,948,525</b>      | <b>2,013,973</b>      | <b>1,334,870</b>      |
| <b>Total Expenses</b>              | <b>\$ 229,823,001</b> | <b>\$ 214,832,895</b> | <b>\$ 186,807,198</b> | <b>\$ 193,958,534</b> | <b>\$ 169,046,870</b> |
|                                    |                       |                       |                       |                       |                       |
|                                    | Fiscal Year           |                       |                       |                       |                       |
|                                    | 2018                  | 2017                  | 2016                  | 2015                  | 2014                  |
| <b>Operating Expenses</b>          |                       |                       |                       |                       |                       |
| Instruction                        | \$ 51,138,005         | \$ 52,009,785         | \$ 54,486,848         | \$ 56,521,328         | \$ 55,712,283         |
| Academic Support                   | 24,914,373            | 25,221,536            | 27,061,889            | 28,307,683            | 26,968,277            |
| Student Services                   | 27,188,490            | 28,146,761            | 28,184,238            | 29,761,778            | 27,093,085            |
| Institutional Support              | 32,910,008            | 33,893,651            | 34,664,541            | 36,990,188            | 39,336,193            |
| Operation and Maintenance of Plant | 14,767,795            | 16,299,388            | 15,905,619            | 17,474,890            | 19,593,974            |
| Student Financial Aid              | 16,557,909            | 15,449,569            | 17,646,631            | 20,923,754            | 22,739,712            |
| Auxiliary Enterprises              | 877,258               | 931,331               | 876,462               | 972,572               | 917,261               |
| Depreciation and Amortization      | 7,117,410             | 7,701,083             | 8,321,837             | 8,403,706             | 8,224,999             |
| <b>Total Operating Expenses</b>    | <b>175,471,248</b>    | <b>179,653,104</b>    | <b>187,148,065</b>    | <b>199,355,899</b>    | <b>200,585,784</b>    |
| <b>Nonoperating Expenses</b>       |                       |                       |                       |                       |                       |
| Interest Expense on Debt           | 32,493                | 0                     | 0                     | 0                     | 67,750                |
| Loss on Capital Asset Disposal     | 54,672                | 22,066                | 19,361                | 24,101                | 266,394               |
| Other Nonoperating Expenses        | 0                     | 0                     | 0                     | 0                     | 24,900                |
| <b>Total Nonoperating Expenses</b> | <b>87,165</b>         | <b>22,066</b>         | <b>19,361</b>         | <b>24,101</b>         | <b>359,044</b>        |
| <b>Total Expenses</b>              | <b>\$ 175,558,413</b> | <b>\$ 179,675,170</b> | <b>\$ 187,167,426</b> | <b>\$ 199,380,000</b> | <b>\$ 200,944,828</b> |

Source: District Records

## Pima County Community College District Financial Trends

**Graph of Expenses by Identifiable Activity**  
Last Ten Fiscal Years



**Pima County Community College District  
Financial Trends**

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

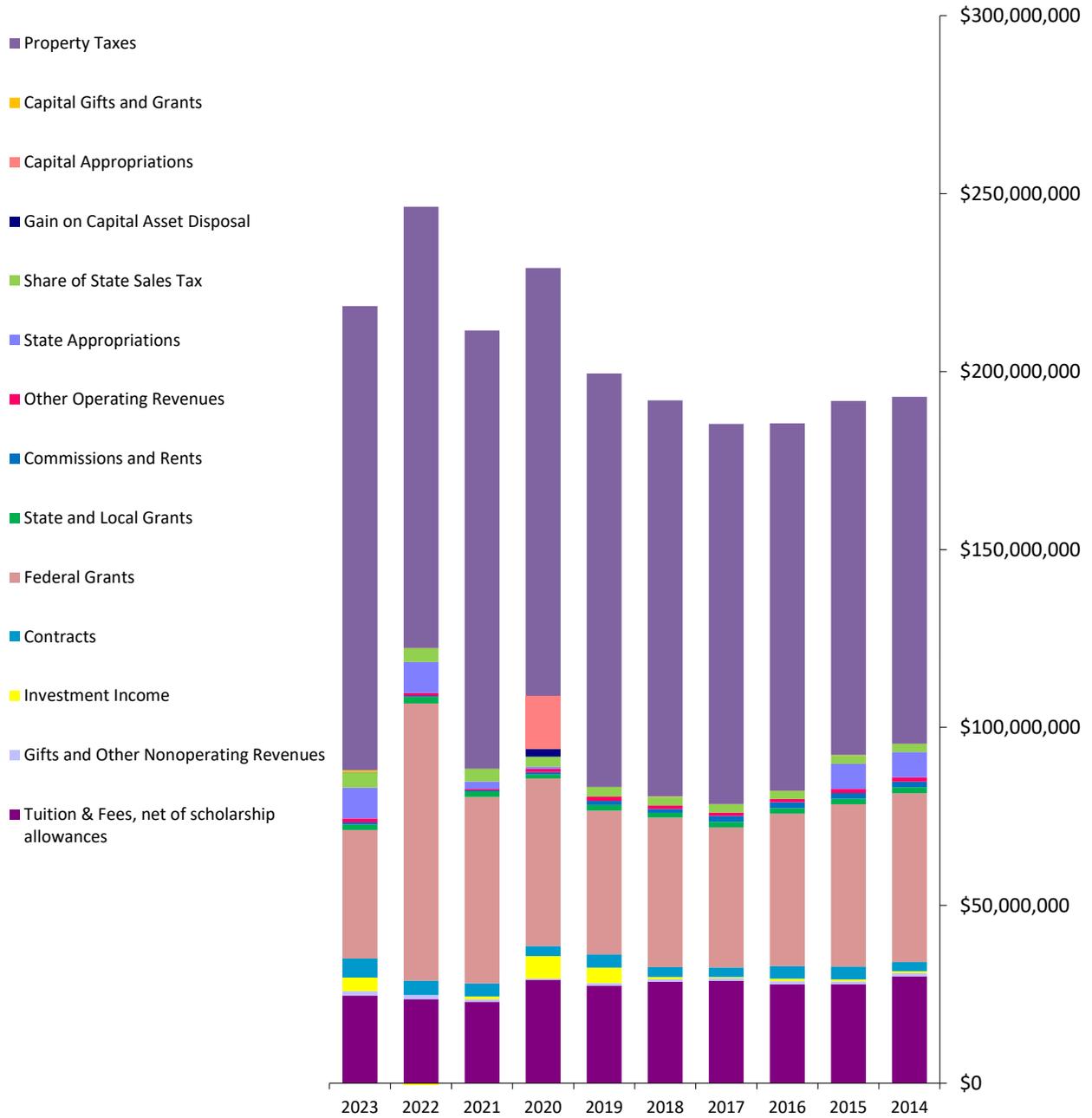
|   | Fiscal Year           |                       |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 2023                  | 2022                  | 2021                  | 2020                  | 2019                  |
| <b>Operating Revenues</b>                       |                       |                       |                       |                       |                       |
| Tuition and Fees, net of scholarship allowances | \$ 24,638,886         | \$ 23,631,157         | \$ 22,860,179         | \$ 29,095,520         | \$ 27,441,078         |
| Contracts                                       | 5,384,888             | 4,064,839             | 3,645,974             | 2,853,094             | 3,690,885             |
| Commissions and Rents                           | 650,586               | 287,579               | 272,189               | 621,796               | 1,137,559             |
| Other Operating Revenues                        | 1,098,292             | 778,611               | 446,251               | 965,443               | 1,226,272             |
| <b>Total Operating Revenues</b>                 | <b>31,772,652</b>     | <b>28,762,186</b>     | <b>27,224,593</b>     | <b>33,535,853</b>     | <b>33,495,794</b>     |
| <b>Nonoperating Revenues</b>                    |                       |                       |                       |                       |                       |
| Property Taxes                                  | 130,435,154           | 124,001,512           | 123,095,091           | 120,192,760           | 116,162,277           |
| State Appropriations                            | 8,673,683             | 8,699,822             | 2,074,314             | 595,000               | 0                     |
| Federal Grants                                  | 36,115,580            | 77,840,182            | 52,388,148            | 47,070,759            | 40,423,631            |
| State and Local Grants                          | 1,477,272             | 1,902,409             | 1,566,087             | 1,141,525             | 1,575,675             |
| Share of State Sales Tax                        | 4,218,878             | 3,840,596             | 3,535,480             | 2,834,744             | 2,651,288             |
| Gifts and Other Nonoperating Revenues           | 1,292,633             | 1,183,919             | 753,382               | 335,915               | 766,260               |
| Investment Income                               | 3,753,241             | (3,312,543)           | 794,012               | 6,293,040             | 4,305,456             |
| Gain on Capital Asset Disposal                  | 103,954               | 14,724                | 98,025                | 2,096,347             | 94,706                |
| Capital Appropriations                          | 0                     | 0                     | 0                     | 15,000,000            | 0                     |
| Capital Gifts and Grants                        | 550,353               | 67,214                | 23,925                | 6,420                 | 12,574                |
| <b>Total Nonoperating Revenues</b>              | <b>186,620,748</b>    | <b>214,237,835</b>    | <b>184,328,464</b>    | <b>195,566,510</b>    | <b>165,991,867</b>    |
| <b>Total Revenues</b>                           | <b>\$ 218,393,400</b> | <b>\$ 243,000,021</b> | <b>\$ 211,553,057</b> | <b>\$ 229,102,363</b> | <b>\$ 199,487,661</b> |
| <b>Operating Revenues</b>                       |                       |                       |                       |                       |                       |
| Fiscal Year                                     |                       |                       |                       |                       |                       |
|   | 2018                  | 2017                  | 2016                  | 2015                  | 2014                  |
| Tuition and Fees, net of scholarship allowances | \$ 28,532,331         | \$ 28,834,580         | \$ 27,792,518         | \$ 27,860,572         | \$ 30,092,480         |
| Contracts                                       | 2,766,925             | 2,660,348             | 3,485,053             | 3,614,371             | 2,565,513             |
| Commissions and Rents                           | 1,067,161             | 1,720,067             | 1,658,484             | 1,608,709             | 1,613,283             |
| Other Operating Revenues                        | 1,008,383             | 924,054               | 912,844               | 1,137,112             | 1,199,976             |
| <b>Total Operating Revenues</b>                 | <b>33,374,800</b>     | <b>34,139,049</b>     | <b>33,848,899</b>     | <b>34,220,764</b>     | <b>35,471,252</b>     |
| <b>Nonoperating Revenues</b>                    |                       |                       |                       |                       |                       |
| Property Taxes                                  | 111,324,689           | 106,823,980           | 103,274,540           | 99,464,621            | 97,523,572            |
| State Appropriations                            | 0                     | 0                     | 0                     | 7,093,500             | 7,136,600             |
| Federal Grants                                  | 42,048,279            | 39,352,391            | 42,891,284            | 45,616,708            | 47,429,534            |
| State and Local Grants                          | 1,323,106             | 1,544,239             | 1,523,348             | 1,573,775             | 1,666,184             |
| Share of State Sales Tax                        | 2,418,985             | 2,341,003             | 2,282,341             | 2,331,857             | 2,256,268             |
| Gifts and Other Nonoperating Revenues           | 713,930               | 716,073               | 900,667               | 812,941               | 861,085               |
| Investment Income                               | 626,296               | 323,910               | 710,033               | 489,706               | 545,906               |
| Gain on Capital Asset Disposal                  | 0                     | 0                     | 0                     | 0                     | 0                     |
| Capital Appropriations                          | 0                     | 0                     | 0                     | 0                     | 0                     |
| Capital Gifts and Grants                        | 80,650                | 39,520                | 37,655                | 136,341               | 30,673                |
| <b>Total Nonoperating Revenues</b>              | <b>158,535,935</b>    | <b>151,141,116</b>    | <b>151,619,868</b>    | <b>157,519,449</b>    | <b>157,449,822</b>    |
| <b>Total Revenues</b>                           | <b>\$ 191,910,735</b> | <b>\$ 185,280,165</b> | <b>\$ 185,468,767</b> | <b>\$ 191,740,213</b> | <b>\$ 192,921,074</b> |

Source: District Records

Notes: For fiscal year 2023, Other Operating Revenues includes a rebate in the amount of \$86,103 received from JP Morgan Chase for credit card purchases.

## Pima County Community College District Financial Trends

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



**Pima County Community College District  
Financial Trends**

**Composite Financial Index Summary**

Last Ten Fiscal Years

|  | 2023   | 2022 | 2021 | 2020  | 2019  | 2018   | 2017   | 2016   | 2015   | 2014   |
|--|--------|------|------|-------|-------|--------|--------|--------|--------|--------|
| <b>+ Primary Reserve Ratio</b>                     | 0.38   | 0.50 | 0.46 | 0.32  | 0.16  | (0.03) | (0.14) | (0.20) | (0.20) | 0.46   |
| / 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                          | 2.82   | 3.73 | 3.44 | 2.43  | 1.21  | (0.26) | (1.07) | (1.51) | (1.53) | 3.44   |
| * Weighting Factor                                 | 0.35   | 0.35 | 0.35 | 0.35  | 0.35  | 0.35   | 0.35   | 0.35   | 0.35   | 0.35   |
| = Ratio Subtotal                                   | 0.99   | 1.30 | 1.20 | 0.85  | 0.42  | (0.09) | (0.38) | (0.53) | (0.54) | 1.20   |
| <b>+ Return on Net Position / Net Assets Ratio</b> | (0.05) | 0.14 | 0.19 | 0.28  | 0.31  | 0.20   | 0.08   | (0.02) | (0.09) | (0.03) |
| / 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                          | (2.34) | 7.24 | 9.30 | 10.00 | 10.00 | 10.00  | 4.08   | (0.99) | (4.00) | (1.64) |
| * Weighting Factor                                 | 0.20   | 0.20 | 0.20 | 0.20  | 0.20  | 0.20   | 0.20   | 0.20   | 0.20   | 0.20   |
| = Ratio Subtotal                                   | (0.47) | 1.45 | 1.86 | 2.00  | 2.00  | 2.00   | 0.82   | (0.20) | (0.80) | (0.33) |
| <b>+ Net Operating Revenue Ratio</b>               | (0.05) | 0.11 | 0.11 | 0.09  | 0.15  | 0.08   | 0.03   | (0.01) | (0.04) | (0.04) |
| / Strength Factor                                  | 0.01   | 0.01 | 0.01 | 0.01  | 0.01  | 0.01   | 0.01   | 0.01   | 0.01   | 0.01   |
| = Ratio / Strength Factor                          | (4.00) | 8.78 | 8.83 | 6.71  | 10.00 | 6.50   | 2.20   | (0.70) | (3.08) | (3.21) |
| * Weighting Factor                                 | 0.10   | 0.10 | 0.10 | 0.10  | 0.10  | 0.10   | 0.10   | 0.10   | 0.10   | 0.10   |
| = Ratio Subtotal                                   | (0.40) | 0.88 | 0.88 | 0.67  | 1.00  | 0.65   | 0.22   | (0.07) | (0.31) | (0.32) |
| <b>+ Viability Ratio</b>                           | 1.71   | 1.99 | 1.52 | 1.07  | 0.44  | 0      | 0      | 0      | 0      | 0      |
| / Strength Factor                                  | 0.42   | 0.42 | 0.42 | 0.42  | 0.42  | 0.42   | 0.42   | 0.42   | 0.42   | 0.42   |
| = Ratio / Strength Factor                          | 4.10   | 4.78 | 3.64 | 2.57  | 1.06  | 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                                   | 1.43   | 1.67 | 1.28 | 0.90  | 0.37  | 3.50   | 3.50   | 3.50   | 3.50   | 3.50   |
| <b>Composite Financial Index</b>                   | 1.55   | 5.30 | 5.22 | 4.42  | 3.79  | 6.06   | 4.16   | 2.70   | 1.86   | 4.05   |

*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*

|  | 2023               | 2022              | 2021              | 2020              | 2019              | 2018              | 2017               | 2016               | 2015               | 2014              |
|--|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|-------------------|
| <b>Primary Reserve Ratio:</b>  |                    |                   |                   |                   |                   |                   |                    |                    |                    |                   |
| Unrestricted Net Position (deficit)  | \$ 52,872          | \$ 34,641         | \$ 27,184         | \$ 13,572         | \$ (3,458)        | \$ (20,815)       | \$ (39,778)        | \$ (50,098)        | \$ (51,901)        | \$ 80,544         |
| Expendable Restricted Net Position   | 27,432             | 65,943            | 51,523            | 47,634            | 29,435            | 12,452            | 11,340             | 10,126             | 8,653              | 9,092             |
| Unrestricted Net Assets - CU   | 1,618              | 1,465             | 763               | 470               | 510               | 300               | 154                | 315                | 272                | 235               |
| Temporarily Restricted Net Assets - CU   | 5,504              | 5,370             | 6,300             | 1,510             | 919               | 1,948             | 2,462              | 1,923              | 2,200              | 2,396             |
| <b>Expendable Net Position/Net Assets</b>  | <b>\$ 87,426</b>   | <b>\$ 107,419</b> | <b>\$ 85,770</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>  |
| Operating Expenses   | \$ 227,719         | \$ 212,847        | \$ 184,859        | \$ 191,945        | \$ 167,712        | \$ 175,471        | \$ 179,653         | \$ 187,148         | \$ 199,356         | \$ 200,586        |
| Nonoperating Expenses  | 2,104              | 1,986             | 1,949             | 2,014             | 1,335             | 87                | 22                 | 19                 | 24                 | 359               |
| Elimination of Inter-Entity Amounts  | (442)              | (149)             | (16)              | (22)              | (127)             | (241)             | (324)              | (383)              | (465)              | (316)             |
| Total Expenses - CU  | 3,429              | 2,026             | 902               | 1,280             | 1,698             | 1,981             | 1,304              | 1,152              | 1,487              | 1,286             |
| <b>Total Expenses</b>  | <b>\$ 232,810</b>  | <b>\$ 216,711</b> | <b>\$ 187,694</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>Ratio</b>   | <b>0.38</b>        | <b>0.50</b>       | <b>0.46</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>       |
| <i>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.</i> |                    |                   |                   |                   |                   |                   |                    |                    |                    |                   |
| <b>Return On Net Position/Net Assets Ratio:</b>  |                    |                   |                   |                   |                   |                   |                    |                    |                    |                   |
| Change in Net Position   | \$ (11,430)        | \$ 28,167         | \$ 24,746         | \$ 35,144         | \$ 30,441         | \$ 16,352         | \$ 5,605           | \$ (1,699)         | \$ (7,640)         | \$ (8,024)        |
| Change in Net Assets - CU  | 1,171              | (437)             | 5,296             | 17                | (282)             | (263)             | 424                | 200                | (127)              | 748               |
| <b>Change in Net Assets</b>  | <b>\$ (10,259)</b> | <b>\$ 27,730</b>  | <b>\$ 30,042</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> |
| Net Position (Beginning of Year)   | \$ 206,907         | \$ 178,739        | \$ 153,994        | \$ 118,850        | \$ 88,409         | \$ 72,057         | \$ 66,287          | \$ 67,986          | \$ 75,626          | \$ 215,251        |
| Net Assets (Beginning of Year) - CU  | 12,389             | 12,826            | 7,530             | 7,513             | 7,795             | 8,058             | 7,634              | 7,434              | 7,561              | 6,813             |
| <b>Net Position/Net Assets (Beginning of Year)</b>   | <b>\$ 219,296</b>  | <b>\$ 191,566</b> | <b>\$ 161,524</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>Ratio</b>   | <b>(0.05)</b>      | <b>0.14</b>       | <b>0.19</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>     |
| <i>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.</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  
Financial Trends**

**Financial Ratios (continued)**

Last Ten Fiscal Years

Dollars in Thousands

|  | 2023   | 2022              | 2021              | 2020              | 2019              | 2018              | 2017               | 2016               | 2015               | 2014              |
|--|--|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|-------------------|
| <b>Net Operating Revenue Ratio:</b>        |  |                   |                   |                   |                   |                   |                    |                    |                    |                   |
| Operating Loss                             | \$ (195,946)   | \$ (184,085)      | \$ (157,634)      | \$ (158,409)      | \$ (134,216)      | \$ (142,096)      | \$ (145,514)       | \$ (153,299)       | \$ (165,135)       | \$ (165,115)      |
| Net Non-Operating Revenues                 | 183,966  | 212,185           | 182,356           | 178,546           | 164,644           | 158,368           | 151,080            | 151,563            | 157,359            | 157,060           |
| Change in Unrestricted Net Assets - CU     | 153  | (161)             | (293)             | (40)              | 210               | 93                | (248)              | 42                 | 37                 | (39)              |
| <b>Net Operating Income</b>                | <b>\$ (11,827)</b>   | <b>\$ 27,939</b>  | <b>\$ 24,429</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> |
| Operating Revenues                         | \$ 31,773  | \$ 28,762         | \$ 27,225         | \$ 33,536         | \$ 33,496         | \$ 33,375         | \$ 34,139          | \$ 33,849          | \$ 34,221          | \$ 35,471         |
| Non-Operating Revenues                     | 186,621  | 214,238           | 184,329           | 195,567           | 165,992           | 158,536           | 151,141            | 151,620            | 157,519            | 157,450           |
| Unrestricted Revenues - CU                 | 3,582  | 1,865             | 1,195             | 1,240             | 1,908             | 2,074             | 1,056              | 1,167              | 1,406              | 1,247             |
| Elimination of Inter-Entity Amounts        | (442)  | (149)             | (16)              | (22)              | (127)             | (241)             | (104)              | (83)               | (115)              | (246)             |
| <b>Total Operating Revenue</b>             | <b>\$ 221,534</b>  | <b>\$ 244,717</b> | <b>\$ 212,732</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>Ratio</b>                               | <b>(0.05)</b>  | <b>0.11</b>       | <b>0.11</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>     |
|  | <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 (deficit)        | \$ 52,872  | \$ 34,641         | \$ 27,184         | \$ 13,572         | \$ (3,458)        | \$ (20,815)       | \$ (39,778)        | \$ (50,098)        | \$ (51,901)        | \$ 80,544         |
| Expendable Restricted Net Position         | 27,432   | 65,943            | 51,523            | 47,634            | 29,435            | 12,452            | 11,340             | 10,126             | 8,653              | 9,092             |
| Unrestricted Net Assets - CU               | 1,618  | 1,465             | 763               | 470               | 510               | 300               | 154                | 315                | 272                | 235               |
| Temporarily Restricted Net Assets - CU     | 5,504  | 5,370             | 6,300             | 1,510             | 919               | 1,948             | 2,462              | 1,923              | 2,200              | 2,396             |
| <b>Expendable Net Position/ Net Assets</b> | <b>\$ 87,426</b>   | <b>\$ 107,419</b> | <b>\$ 85,770</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>  |
| Long-Term Debt                             | \$ 51,160  | \$ 53,844         | \$ 56,458         | \$ 59,010         | \$ 62,179         | \$ 0              | \$ 0               | \$ 0               | \$ 0               | \$ 0              |
| Long-Term Debt - CU                        | 0  | 0                 | 0                 | 0                 | 0                 | 0                 | 0                  | 0                  | 0                  | 0                 |
| <b>Total Debt</b>                          | <b>\$ 51,160</b>   | <b>\$ 53,844</b>  | <b>\$ 56,458</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>Ratio</b>                               | <b>1.71</b>  | <b>1.99</b>       | <b>1.52</b>       | <b>1.07</b>       | <b>0.44</b>       | <b>0</b>          | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0</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*

| <u>Fiscal Year/Levy Type <sup>1</sup></u> | <u>Net Assessed Value</u> | <u>Total Direct Tax Rate <sup>2</sup></u> | <u>Limited and Full Cash Values <sup>3</sup></u> | <u>Ratio of Net Assessed to Full Cash Value</u> |
|---|---------------------------|---|--|---|
| 2022/2023 Primary                         | \$10,132,624              | 1.2878                                    | \$100,257,796                                    | 10.11%  |
| 2022/2023 Secondary                       | 11,355,659                | 0.0000                                    | 111,988,323                                      | 10.14%  |
| Total                                     |                           | <u>1.2878</u>                             |  |   |
| 2021/2022 Primary                         | \$9,696,150               | 1.2733                                    | \$95,585,663                                     | 10.14%  |
| 2021/2022 Secondary                       | 10,836,343                | 0.0000                                    | 106,405,925                                      | 10.18%  |
| Total                                     |                           | <u>1.2733</u>                             |  |   |
| 2020/2021 Primary                         | \$9,140,426               | 1.3359                                    | \$90,656,154                                     | 10.08%  |
| 2020/2021 Secondary                       | 10,226,395                | 0.0000                                    | 101,016,359                                      | 10.12%  |
| Total                                     |                           | <u>1.3359</u>                             |  |   |
| 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                                     |                           | <u>1.3758</u>                             |  |   |
| 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                                     |                           | <u>1.3983</u>                             |  |   |
| 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                                     |                           | <u>1.3890</u>                             |  |   |
| 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                                     |                           | <u>1.3733</u>                             |  |   |
| 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                                     |                           | <u>1.3689</u>                             |  |   |
| 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                                     |                           | <u>1.3344</u>                             |  |   |
| 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                                     |                           | <u>1.2933</u>                             |  |   |

**Sources:** Pima County Department of Finance ACFR (Fiscal years 2014-2022. June 30, 2023 statistics were unavailable at time of publication); Pima County Department of Finance (fiscal year 2022-2023 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>

| Fiscal Year   | Original Real Property Tax Levy | Board Ordered Changes thru 6/30/2023 | Adjusted Levy           | Collections/ Payments Initial Tax Year <sup>2</sup> | Percent of Original Levy | Collections/ Payments thru 6/30/2023 <sup>2</sup> | Percent of Adjusted Levy | Taxes Receivable as of 6/30/2023 <sup>3</sup> |
|---------------|---------------------------------|--------------------------------------|-------------------------|---|--------------------------|---|--------------------------|---|
| 2023          | \$ 126,372,148                  | \$ 0                                 | \$ 126,372,148          | \$ 122,705,219                                      | 97.10%                   | \$ 122,705,219                                    | 97.10%                   | \$ 3,666,929                                  |
| 2022          | 120,119,458                     | 3,208                                | 120,122,666             | 116,990,191   | 97.39%                   | 118,868,756                                       | 98.96%                   | 1,253,910                                     |
| 2021          | 119,384,468                     | 41,483                               | 119,425,951             | 116,691,692   | 97.74%                   | 118,718,896                                       | 99.41%                   | 707,055                                       |
| 2020          | 116,583,759                     | 84,497                               | 116,668,256             | 113,856,884   | 97.66%                   | 116,155,674                                       | 99.56%                   | 512,582                                       |
| 2019          | 112,789,995                     | 197,072                              | 112,987,067             | 110,342,172   | 97.83%                   | 112,623,623                                       | 99.68%                   | 363,444                                       |
| 2018          | 128,257,618                     | 175,269                              | 128,432,887             | 125,803,451   | 98.09%                   | 128,131,884                                       | 99.77%                   | 301,003                                       |
| 2017          | 104,106,349                     | 213,020                              | 104,319,369             | 101,690,985   | 97.68%                   | 103,982,375                                       | 99.68%                   | 336,994                                       |
| 2016          | 100,655,943                     | 131,054                              | 100,786,997             | 97,223,208  | 96.59%                   | 100,523,719                                       | 99.74%                   | 263,278                                       |
| 2015          | 96,201,094                      | 83,288                               | 96,284,382              | 92,988,525  | 96.66%                   | 96,006,212  | 99.71%                   | 278,170                                       |
| 2014          | 92,461,302                      | 142,192                              | 92,603,494              | 89,226,779  | 96.50%                   | 92,224,044  | 99.59%                   | 379,450                                       |
| <b>Totals</b> | <b>\$ 1,116,932,134</b>         | <b>\$ 1,071,083</b>                  | <b>\$ 1,118,003,217</b> | <b>\$ 1,087,519,106</b>                             |                          | <b>\$ 1,109,940,402</b>                           |                          | <b>\$ 8,062,815</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, 2023.

(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 2013 - 2022 (District fiscal years 2014 - 2023), total unsecured personal property tax board ordered changes were \$3,316 and collections were \$4,215,055 (including rolls and cycles) through June 30, 2023. The total outstanding unsecured personal property tax levy at June 30, 2023 for the period cited stands at \$2,216,362.



**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<br>Community<br>College<br>District <sup>1</sup> | State<br>of<br>Arizona | Central<br>Arizona<br>Water<br>Conservation<br>District | Pima<br>County <sup>2</sup> | Flood<br>Control<br>District <sup>3</sup> | County<br>Library<br>District | County<br>Education<br>Assistance | Cortaro-<br>Marana<br>Irrigation<br>District <sup>4</sup> |
|----------|--|------------------------|---|-----------------------------|---|-------------------------------|-----------------------------------|---|
| 2022     | 1.2828   | 0.0000                 | 0.1400  | 4.2348                      | 0.3235                                    | 0.5453                        | 0.0000                            | 91.5000   |
| 2021     | 1.2733   | 0.0000                 | 0.1400  | 4.3658                      | 0.3335                                    | 0.5353                        | 0.4263                            | 84.0000   |
| 2020     | 1.3359   | 0.0000                 | 0.1400  | 4.4836                      | 0.3335                                    | 0.5353                        | 0.4426                            | 80.2500   |
| 2019     | 1.3758   | 0.0000                 | 0.1400  | 4.7326                      | 0.3335                                    | 0.5353                        | 0.4566                            | 79.5000   |
| 2018     | 1.3983   | 0.0000                 | 0.1400  | 4.8037                      | 0.3335                                    | 0.5153                        | 0.4741                            | 78.0000   |
| 2017     | 1.3890   | 0.0000                 | 0.1400  | 5.2055                      | 0.3135                                    | 0.5053                        | 0.4875                            | 75.0000   |
| 2016     | 1.3733   | 0.0000                 | 0.1400  | 5.0364                      | 0.3335                                    | 0.5153                        | 0.5010                            | 75.0000   |
| 2015     | 1.3689   | 0.0000                 | 0.1400  | 5.1344                      | 0.3135                                    | 0.5153                        | 0.5054                            | 72.0000   |
| 2014     | 1.3344   | 0.0000                 | 0.1400  | 5.0251                      | 0.3035                                    | 0.4353                        | 0.5089                            | 69.0000   |
| 2013     | 1.2933   | 0.0000                 | 0.1400  | 4.4921                      | 0.2635                                    | 0.3753                        | 0.5123                            | 69.0000   |

| Tax Year | Flowing<br>Wells<br>Irrigation<br>District <sup>4</sup> | Silverbell<br>Irrigation<br>District <sup>4</sup> | City<br>of<br>Tucson | City<br>of<br>South<br>Tucson | Street<br>Lighting<br>Improvement<br>District | Mobile<br>Home<br>Relocation<br>District <sup>5</sup> | Towns<br>Other <sup>6</sup> | School Districts<br>Range |        |
|----------|---|---|----------------------|-------------------------------|---|---|-----------------------------|---------------------------|--------|
|          |   |   |                      |                               |   |   |                             | From                      | To     |
| 2022     | 21.2900   | 3.2508  | 1.4292               | 0.2338                        | 15.7198                                       | 0.0000  | 11.4300                     | 1.7133                    | 7.3742 |
| 2021     | 19.3500   | 3.0000  | 1.3123               | 0.2370                        | 15.2590                                       | 0.0000  | 11.7000                     | 1.7694                    | 7.3742 |
| 2020     | 19.3500   | 3.0000  | 1.3573               | 0.2527                        | 14.4901                                       | 0.0000  | 11.7000                     | 1.8371                    | 7.4213 |
| 2019     | 19.3500   | 3.0000  | 1.3810               | 0.2434                        | 17.9248                                       | 0.0000  | 12.0000                     | 1.8954                    | 7.8712 |
| 2018     | 19.3500   | 3.0000  | 1.4819               | 0.2512                        | 15.3127                                       | 0.0000  | 9.1400                      | 1.9679                    | 8.6853 |
| 2017     | 19.3500   | 3.0000  | 1.4342               | 0.2487                        | 12.4505                                       | 0.0000  | 7.0000                      | 2.0234                    | 9.0399 |
| 2016     | 19.3500   | 3.0000  | 1.5982               | 0.2528                        | 12.4384                                       | 0.0000  | 7.0000                      | 2.0793                    | 8.9614 |
| 2015     | 19.3500   | 3.0000  | 1.5960               | 0.2528                        | 12.3345                                       | 0.5000  | 7.0000                      | 1.7677                    | 7.6184 |
| 2014     | 19.3500   | 3.0000  | 1.4606               | 0.2528                        | 12.0787                                       | 0.5000  | 7.0000                      | 2.1123                    | 7.5094 |
| 2013     | 19.3500   | 3.0000  | 1.4304               | 2.9776                        | 10.1900                                       | 0.5000  | 7.0000                      | 1.1287                    | 7.4319 |

**Source:** Pima County Department of Finance (June 30, 2022 ACFR), June 30, 2023 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 2012 to 2021 figures represent the aggregate rate for the Community Facilities Districts of: Gladden Farms, Vanderbilt Farms, Quail Creek, Gladden Farms Phase II and Saguaro Springs; noting Vanderbilt Farms was dissolved in FY 2020.

**Pima County Community College District  
Revenue Capacity**

**Schedule of Tuition**  
Last Ten Fiscal Years

| Academic<br>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 |
| 2023                          | \$ 2,955                                | \$ 9,600     | \$ 92.00                | \$ 313.50    |
| 2022                          | 2,865                                   | 9,510        | 89.00                   | 310.50       |
| 2021                          | 2,805                                   | 9,450        | 87.00                   | 308.50       |
| 2020                          | 2,730                                   | 9,375        | 84.50                   | 306.00       |
| 2019                          | 2,670                                   | 9,315        | 82.50                   | 304.00       |
| 2018                          | 2,640                                   | 9,285        | 81.50                   | 303.00       |
| 2017                          | 2,550                                   | 9,195        | 78.50                   | 300.00       |
| 2016                          | 2,460                                   | 10,755       | 75.50                   | 352.00       |
| 2015                          | 2,300                                   | 10,055       | 70.50                   | 329.00       |
| 2014                          | 2,150                                   | 10,055       | 65.50                   | 329.00       |

**Source:** District Records

**Notes:** Beginning in January 2012, the College began charging additional tuition, known as differential tuition, for courses that are more costly for the College to offer. These rates are not reflected in the table.

- (1) Tuition rate changes are effective at the beginning of each academic year.
- (2) These amounts are for full-time students taking 30 credit hours during the academic year.
- (3) Amounts include: semester processing fees of \$20 per year for 2010 - 2014 and \$30 per year starting in 2015; student service fees of \$2.50 per credit hour in academic years 2011 - 2013, and \$3.00 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) 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.
- (5) Tuition, fees, and refunds are subject to change without notice.
- (6) 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      |                  |                  |                  |                  |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|
|                               | 2023             | 2022             | 2021             | 2020             | 2019             |
| <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                 | 53,844           | 56,458           | 59,010           | 61,500           | 65,449           |
| Financed Purchase Obligations | 1,917            | 2,969            | 2,204            | 2,952            | 2,300            |
| Leases Payable                | 1,061            | 1,170            | 0                | 0                | 0                |
| Subscription Payable          | 6,901            | 1,170            | 0                | 0                | 0                |
| <b>Total Outstanding Debt</b> | <b>\$ 63,722</b> | <b>\$ 61,767</b> | <b>\$ 61,214</b> | <b>\$ 64,452</b> | <b>\$ 67,749</b> |
| Per Headcount                 | 2.02             | 1.97             | 1.74             | 1.59             | 1.65             |
| Per FTSE                      | 5.42             | 5.34             | 4.41             | 4.58             | 4.58             |
| Per Capita (Pima County)      | 0.06             | 0.06             | 0.06             | 0.06             | 0.07             |

|                               | Fiscal Year     |             |             |             |             |
|-------------------------------|-----------------|-------------|-------------|-------------|-------------|
|                               | 2018            | 2017        | 2016        | 2015        | 2014        |
| <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                 | 0               | 0           | 0           | 0           | 0           |
| Financed Purchase Obligations | 1,329           | 0           | 0           | 0           | 0           |
| Leases Payable                | 0               | 0           | 0           | 0           | 0           |
| Subscription Payable          | 0               | 0           | 0           | 0           | 0           |
| <b>Total Outstanding Debt</b> | <b>\$ 1,329</b> | <b>\$ 0</b> | <b>\$ 0</b> | <b>\$ 0</b> | <b>\$ 0</b> |
| Per Headcount                 | 0.03            | 0           | 0           | 0           | 0           |
| Per FTSE                      | 0.07            | 0           | 0           | 0           | 0           |
| Per Capita (Pima County)      | 0               | 0           | 0           | 0           | 0           |

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

**Pima County Community College District  
Debt Capacity**

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

| Fiscal<br>Year | Gross Revenues <sup>2</sup> | Debt Service Requirements |              |              | Coverage |
|----------------|-----------------------------|---------------------------|--------------|--------------|----------|
|                |                             | Principal                 | Interest     | Total        |          |
| 2023           | \$ 35,525,893               | \$ 1,955,000              | \$ 2,393,425 | \$ 4,348,425 | 8.17     |
| 2022           | 25,449,643                  | 1,865,000                 | 2,488,925    | 4,353,925    | 5.85     |
| 2021           | 28,018,605                  | 1,775,000                 | 2,579,925    | 4,354,925    | 6.43     |
| 2020           | 39,828,893                  | 3,270,000                 | 2,442,758    | 5,712,758    | 6.97     |
| 2019           | 37,801,250                  | 0                         | 0            | 0            | N/A      |
| 2018           | 0                           | 0                         | 0            | 0            | N/A      |
| 2017           | 0                           | 0                         | 0            | 0            | N/A      |
| 2016           | 0                           | 0                         | 0            | 0            | N/A      |
| 2015           | 0                           | 0                         | 0            | 0            | N/A      |
| 2014           | 0                           | 0                         | 0            | 0            | N/A      |

**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, 2023

*Dollars in Thousands*

| <u>Fiscal Year</u> | <u>General Obligation Bond Debt</u> | <u>Secondary Net Assessed Value</u> | <u>Percent Net General Bond Debt to Assessed Value</u> | <u>Population at July 1</u> | <u>Net General Bonded Debt per Capita</u> |
|--------------------|-------------------------------------|-------------------------------------|--|-----------------------------|---|
| 2023               | \$ 0                                | \$ 11,355,659                       | 0.00%  | 1,081,800                   | \$ 0                                      |
| 2022               | 0                                   | 10,836,343                          | 0.00%  | 1,071,300                   | 0   |
| 2021               | 0                                   | 10,226,395                          | 0.00%  | 1,059,200                   | 0   |
| 2020               | 0                                   | 9,645,865                           | 0.00%  | 1,052,000                   | 0   |
| 2019               | 0                                   | 9,030,169                           | 0.00%  | 1,042,100                   | 0   |
| 2018               | 0                                   | 8,508,990                           | 0.00%  | 1,032,900                   | 0   |
| 2017               | 0                                   | 8,262,665                           | 0.00%  | 1,018,600                   | 0   |
| 2016               | 0                                   | 7,906,190                           | 0.00%  | 1,016,700                   | 0   |
| 2015               | 0                                   | 7,579,899                           | 0.00%  | 1,022,100                   | 0   |
| 2014               | 0                                   | 7,623,691                           | 0.00%  | 1,007,200                   | 0   |

**Source:** District Records; secondary net assessed values and population from Pima County Department of Finance (Fiscal years 2014-2022, ACFR. June 30, 2023 statistics were unavailable at time of publication); Pima County Department of Finance (Fiscal year 2022-2023 adopted budget), and from "Economic and Business Research Center, The University of Arizona" for 2023 estimated population.

**Pima County Community College District  
Debt Capacity**

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

At June 30, 2023<sup>1</sup>

*Dollars in thousands*

| <b>Governmental Unit</b>                  | <b>Debt<br/>Outstanding</b> | <b>Amount<br/>Overlapping<sup>3</sup></b> |
|---|-----------------------------|---|
| Debt repaid with property tax             |                             |   |
| City of Tucson                            | \$ 1,262,760                | \$ 1,262,760                              |
| School Districts                          | 556,775                     | 556,775                                   |
| Total Overlapping                         |                             | \$ 1,819,535                              |
| Debt repaid with property tax             |                             |   |
| Pima County <sup>2</sup>                  | \$ 95,961                   | \$ 95,961                                 |
| Pima County Community College District    | 4,139                       | 4,139                                     |
| Total Direct                              |                             | \$ 100,100                                |
| Other Debt:                               |                             |   |
| Certificates of Participation             | \$ 196,338                  | \$ 196,338                                |
| Installment note payable                  | 384                         | 384                                       |
| Transportation bonds                      | 73,731                      | 73,731                                    |
| Total other debt                          |                             | \$ 270,453                                |
| Total direct, overlapping, and other debt |                             | \$ 2,190,088                              |

**Source:** District Records and Pima County Department of Finance (June 30, 2022 ACFR)

**Notes:** (1) June 30, 2023 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, 2023

*Dollars in Thousands*

| <u>Fiscal Year</u> | <u>Total Overlapping Debt</u> | <u>Secondary Net Assessed Value</u> | <u>Percentage of Assessed Value</u> | <u>Population at July 1 <sup>1</sup></u> | <u>Debt per Capita</u> |
|--------------------|-------------------------------|-------------------------------------|-------------------------------------|--|------------------------|
| 2022               | \$ 2,188,918                  | \$ 10,836,343                       | 20.20%                              | 1,067,441                                | \$ 2.051               |
| 2021               | 1,194,283                     | 10,226,395                          | 11.68%                              | 1,059,218                                | 1.128                  |
| 2020               | 1,250,116                     | 9,645,865                           | 12.96%                              | 1,050,905                                | 1.190                  |
| 2019               | 1,325,724                     | 9,030,169                           | 14.68%                              | 1,042,475                                | 1.272                  |
| 2018               | 1,337,556                     | 8,508,990                           | 15.72%                              | 1,034,000                                | 1.294                  |
| 2017               | 1,393,757                     | 8,262,665                           | 16.87%                              | 1,025,000                                | 1.360                  |
| 2016               | 1,445,104                     | 7,906,190                           | 18.28%                              | 1,016,700                                | 1.421                  |
| 2015               | 1,501,691                     | 7,579,899                           | 19.81%                              | 1,022,100                                | 1.469                  |
| 2014               | 1,153,220                     | 7,623,691                           | 15.13%                              | 1,007,200                                | 1.145                  |
| 2013               | 1,311,417                     | 8,171,212                           | 16.05%                              | 996,000                                  | 1.317                  |

**Source:** District records and Pima County Department of Finance (June 30, 2022 ACFR). June 30, 2023 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>2023</b>         | <b>2022</b>         | <b>2021</b>         | <b>2020</b>         | <b>2019</b>         |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Assessed Value</b>   | \$ 11,355,659       | \$ 10,836,343       | \$ 10,226,395       | \$ 9,645,865        | \$ 9,030,169        |
| <b>Legal Debt Margin</b>  |                     |                     |                     |                     |                     |
| Debt Limit (15% of assessed value)                                    | 1,703,349           | 1,625,451           | 1,533,959           | 1,446,880           | 1,354,525           |
| Debt applicable to limit:   |                     |                     |                     |                     |                     |
| General obligation bonds  | 0                   | 0                   | 0                   | 0                   | 0                   |
| Financed purchase obligations   | 1,917               | 2,969               | 2,205               | 2,952               | 2,300               |
| Total net debt applicable to the limit                                | 1,917               | 2,969               | 2,205               | 2,952               | 2,300               |
| <b>Legal debt margin</b>  | <b>\$ 1,701,432</b> | <b>\$ 1,622,482</b> | <b>\$ 1,531,754</b> | <b>\$ 1,443,928</b> | <b>\$ 1,352,225</b> |
| Total net debt applicable to the limit as a percentage of debt limit. | 0.11%               | 0.18%               | 0.14%               | 0.20%               | 0.17%               |

|   | <b>2018</b>         | <b>2017</b>         | <b>2016</b>         | <b>2015</b>         | <b>2014</b>         |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Assessed Value</b>   | \$ 8,508,990        | \$ 8,262,665        | \$ 7,906,190        | \$ 7,579,899        | \$ 7,623,691        |
| <b>Legal Debt Margin</b>  |                     |                     |                     |                     |                     |
| Debt Limit (15% of assessed value)                                    | 1,276,348           | 1,239,400           | 1,185,929           | 1,143,554           | 1,143,554           |
| Debt applicable to limit:   |                     |                     |                     |                     |                     |
| General obligation bonds  | 0                   | 0                   | 0                   | 0                   | 0                   |
| Financed purchase obligations   | 1,329               | 0                   | 0                   | 0                   | 0                   |
| Total net debt applicable to the limit                                | 1,329               | 0                   | 0                   | 0                   | 0                   |
| <b>Legal debt margin</b>  | <b>\$ 1,275,019</b> | <b>\$ 1,239,400</b> | <b>\$ 1,185,929</b> | <b>\$ 1,143,554</b> | <b>\$ 1,143,554</b> |
| Total net debt applicable to the limit as a percentage of debt limit. | 0.10%               | 0.00%               | 0.00%               | 0.00%               | 0.00%               |

**Source:** District records and Pima County Department of Finance (June 30, 2022 ACFR and FY 2022-2023 Adopted Budget).

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

**Schedule of Principal Employers**

Most Recent Year and Nine Years Prior as of 2023

| <u>Employer</u>                  | <u>2023</u>      |             |   | <u>2014</u>      |             |   |
|----------------------------------|------------------|-------------|---|------------------|-------------|---|
|                                  | <u>Employees</u> | <u>Rank</u> | <u>Percent of<br/>Total County<br/>Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>Percent of<br/>Total County<br/>Employment</u> |
| University of Arizona            | 15,907           | 1           | 3.2%  | 11,047           | 1           | 2.5%  |
| Raytheon Technologies            | 13,381           | 2           | 2.7%  | 9,933            | 2           | 2.2%  |
| Tucson Unified School District   | 8,125            | 3           | 1.6%  | 6,525            | 6           | 1.4%  |
| Banner-University Medical Center | 7,691            | 4           | 1.6%  | *                |             |   |
| Pima County Government           | 7,295            | 5           | 1.5%  | 7,328            | 5           | 1.6%  |
| Tucson Medical Center            | 6,724            | 6           | 1.4%  | *                |             |   |
| Davis Monthan Air Force Base     | 6,157            | 7           | 1.2%  | 8,933            | 4           | 2.0%  |
| State of Arizona                 | 5,609            | 8           | 1.1%  | 9,439            | 3           | 2.1%  |
| City of Tucson                   | 4,624            | 9           | 0.9%  | *                |             |   |
| Wal-Mart Stores, Inc.            | 4,337            | 10          | 0.9%  | 5,200            | 10          | 1.2%  |
| UA Health Network                | *                |             |   | 6,329            | 7           | 1.4%  |
| Fort Huachuca                    | *                |             |   | 5,717            | 8           | 1.3%  |
| Freeport-McMoran Copper          | *                |             |   | 5,600            | 9           | 1.2%  |
| <b>Total</b>                     | <b>79,850</b>    |             | <b>16.1%</b>                                      | <b>76,051</b>    |             | <b>16.9%</b>                                      |
| <b>Total Work Force</b>          | <b>495,789</b>   |             |   | <b>450,006</b>   |             |   |

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

**Source:** The University of Arizona Annual Comprehensive Financial Report, Fiscal Year 2023.

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

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

| <u>Fiscal Year</u> | <u>County Population</u> | <u>Countywide Personal Income (in thousands)</u> | <u>Countywide Personal Income per Capita</u> | <u>Countywide Unemployment Rate</u> |
|--------------------|--------------------------|--|--|-------------------------------------|
| 2023               | 1,081,800                | \$59,768,000                                     | \$55,249                                     | 4.4%                                |
| 2022               | 1,071,300                | \$55,643,000                                     | \$51,940                                     | 3.9%                                |
| 2021               | 1,059,200                | \$55,178,000                                     | \$52,094                                     | 7.3%                                |
| 2020               | 1,052,000                | \$49,961,000                                     | \$47,491                                     | 10.0%                               |
| 2019               | 1,042,100                | \$46,615,000                                     | \$44,732                                     | 5.0%                                |
| 2018               | 1,032,900                | \$43,223,000                                     | \$41,846                                     | 4.4%                                |
| 2017               | 1,018,600                | \$41,350,000                                     | \$40,595                                     | 4.9%                                |
| 2016               | 1,015,500                | \$40,359,000                                     | \$39,743                                     | 5.7%                                |
| 2015               | 1,015,100                | \$39,106,000                                     | \$38,524                                     | 5.5%                                |
| 2014               | 1,002,700                | \$37,867,000                                     | \$37,765                                     | 6.9%                                |

**Source:** 2023 Population and Personal Income estimates obtained from 'Eller Economic Forecast - Tucson Metro 2023' published by the Economic and Business Research Center, The University of Arizona. Countywide unemployment rate for June 2023 obtained from "Arizona Economy" magazine's Arizona Economic Indicators for the Tucson Metropolitan Statistical Area (MSA). <https://www.azeconomy.org>

**Pima County Community College District  
Operating Information**

**Administrators, Faculty and Staff Statistics**

Last Ten Fiscal Years

|                       | Fiscal Year |       |       |      |      |       |       |       |       |       |
|-----------------------|-------------|-------|-------|------|------|-------|-------|-------|-------|-------|
|                       | 2023        | 2022  | 2021  | 2020 | 2019 | 2018  | 2017  | 2016  | 2015  | 2014  |
| <b>Administrators</b> |             |       |       |      |      |       |       |       |       |       |
| Regular               | 46          | 45    | 45    | 47   | 45   | 50    | 48    | 51    | 56    | 56    |
| <b>Faculty</b>        |             |       |       |      |      |       |       |       |       |       |
| Regular               | 279         | 278   | 274   | 301  | 327  | 347   | 360   | 391   | 390   | 391   |
| Adjunct               | 532         | 501   | 498   | 568  | 558  | 551   | 516   | 519   | 547   | 569   |
| <b>Staff</b>          |             |       |       |      |      |       |       |       |       |       |
| Regular               | 1,100       | 1,070 | 1,034 | 987  | 987  | 1,058 | 1,084 | 1,121 | 1,090 | 1,051 |
| Temporary             | 113         | 114   | 115   | 145  | 139  | 139   | 141   | 144   | 157   | 168   |
| Student               | 19          | 16    | 0     | 26   | 22   | 27    | 26    | 25    | 35    | 38    |

**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 |       |       |       |       |       |       |       |       |       |
|---|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|   | 2023        | 2022  | 2021  | 2020  | 2019  | 2018  | 2017  | 2016  | 2015  | 2014  |
| <b>Students Statistics</b> <sup>1,2</sup> |             |       |       |       |       |       |       |       |       |       |
| Part-Time %                               | 77%         | 79%   | 71%   | 70%   | 69%   | 68%   | 69%   | 68%   | 68%   | 67%   |
| Full-Time %                               | 23%         | 21%   | 29%   | 30%   | 31%   | 32%   | 31%   | 32%   | 32%   | 33%   |
| Degrees Awarded                           | 1,883       | 1,807 | 1,617 | 2,050 | 2,278 | 2,351 | 2,585 | 2,626 | 2,721 | 2,644 |
| Certificates Awarded                      | 2,742       | 2,500 | 2,091 | 2,874 | 2,852 | 3,018 | 3,062 | 3,365 | 3,013 | 2,880 |
| <b>Ethnicity</b>                          |             |       |       |       |       |       |       |       |       |       |
| Hispanic/Latino %                         | 48%         | 47%   | 46%   | 46%   | 44%   | 41%   | 41%   | 41%   | 39%   | 38%   |
| Black or African American %               | 5%          | 5%    | 5%    | 5%    | 5%    | 5%    | 5%    | 4%    | 4%    | 5%    |
| Asian %                                   | 3%          | 3%    | 3%    | 3%    | 3%    | 3%    | 3%    | 3%    | 3%    | 3%    |
| American Indian or Alaska Native %        | 2%          | 2%    | 2%    | 2%    | 2%    | 2%    | 2%    | 2%    | 2%    | 2%    |
| Two or More Races %                       | 3%          | 3%    | 2%    | 2%    | 2%    | 4%    | 4%    | 4%    | 3%    | 3%    |
| White %                                   | 36%         | 37%   | 38%   | 36%   | 38%   | 41%   | 41%   | 42%   | 43%   | 45%   |
| Not Reported %                            | 3%          | 3%    | 4%    | 6%    | 6%    | 4%    | 4%    | 4%    | 6%    | 4%    |
| <b>Gender</b>                             |             |       |       |       |       |       |       |       |       |       |
| Male %                                    | 43%         | 42%   | 40%   | 42%   | 43%   | 43%   | 44%   | 44%   | 44%   | 45%   |
| Female %                                  | 57%         | 58%   | 59%   | 56%   | 51%   | 51%   | 50%   | 50%   | 51%   | 51%   |
| Not Reported %                            | 0%          | 0%    | 1%    | 2%    | 6%    | 6%    | 6%    | 6%    | 5%    | 4%    |

Source: District Records

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

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

**Pima County Community College District  
Operating Information**

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

Last Ten Fiscal Years

|                       | Fiscal Year |        |        |        |        |        |        |        |        |        |
|-----------------------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                       | 2023        | 2022   | 2021   | 2020   | 2019   | 2018   | 2017   | 2016   | 2015   | 2014   |
| <b>Headcount</b>      |             |        |        |        |        |        |        |        |        |        |
| <b>Total District</b> | 31,344      | 31,292 | 31,095 | 35,128 | 40,557 | 40,983 | 41,976 | 42,787 | 44,513 | 49,504 |

|                                   | Fiscal Year   |               |               |               |               |               |               |               |               |               |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                   | 2023          | 2022          | 2021          | 2020          | 2019          | 2018          | 2017          | 2016          | 2015          | 2014          |
| <b>FTSE</b>                       |               |               |               |               |               |               |               |               |               |               |
| <b>Campus</b>                     |               |               |               |               |               |               |               |               |               |               |
| Community*                        | 4,250         | 4,265         | 4,386         | 3,910         | 3,588         | 3,351         | 2,963         | 2,264         | 2,145         | 2,255         |
| Desert Vista                      | 1,241         | 1,175         | 1,048         | 1,385         | 1,215         | 1,291         | 1,358         | 1,728         | 1,749         | 1,882         |
| Downtown                          | 1,446         | 1,376         | 1,237         | 2,003         | 2,079         | 2,341         | 2,517         | 2,655         | 2,948         | 3,411         |
| East                              | 1,011         | 987           | 1,037         | 1,472         | 1,568         | 1,730         | 1,804         | 2,152         | 2,437         | 2,652         |
| Northwest                         | 794           | 785           | 849           | 1,262         | 1,323         | 1,497         | 1,543         | 1,663         | 1,972         | 2,182         |
| West                              | 2,352         | 2,374         | 2,460         | 3,425         | 3,600         | 3,777         | 3,704         | 4,091         | 4,358         | 4,747         |
| Center for Training & Development | 0             | 76            | 113           | 0             | 214           | 197           | 255           | 235           | 201           | 245           |
| Public Safety Institute           | 473           | 525           | 358           | 417           | 471           | 600           | 635           | 594           | 648           | 589           |
| <b>Total District</b>             | <b>11,567</b> | <b>11,563</b> | <b>11,488</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> |

**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           |                       |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 2023                  | 2022                  | 2021                  | 2020                  | 2019                  |
| Computer / Audio Visual                    | \$ 11,217,297         | \$ 9,909,040          | \$ 9,299,455          | \$ 7,614,159          | \$ 6,151,466          |
| Education & Recreation                     | 1,135,632             | 1,155,203             | 1,168,768             | 1,084,003             | 1,050,203             |
| Library Books                              | 5,924,319             | 6,587,953             | 6,645,045             | 6,688,150             | 6,662,764             |
| Medical & Technical                        | 11,260,857            | 11,344,525            | 11,373,408            | 11,370,781            | 10,905,113            |
| Office Equipment & Furniture               | 873,318               | 858,717               | 409,232               | 351,935               | 325,043               |
| Other                                      | 10,488,710            | 9,206,532             | 8,014,113             | 6,983,795             | 6,730,333             |
| Physical Plant                             | 939,135               | 945,636               | 1,061,313             | 1,061,313             | 1,061,313             |
| Vehicles                                   | 6,852,409             | 6,044,590             | 5,775,056             | 5,004,790             | 4,387,332             |
| Buildings                                  | 245,691,321           | 194,733,390           | 181,680,716           | 181,680,716           | 190,452,158           |
| Construction in Progress                   | 16,923,900            | 48,851,182            | 39,030,198            | 16,080,909            | 5,836,825             |
| Land                                       | 14,604,401            | 14,604,401            | 10,954,401            | 10,954,401            | 10,971,088            |
| Land Improvements                          | 4,293,105             | 4,293,105             | 4,293,105             | 4,293,105             | 4,320,223             |
| Intangible Right-to-Use Leased Buildings   | 1,274,510             | 1,274,510             | 0                     | 0                     | 0                     |
| Leasehold Improvements                     | 2,697,562             | 2,697,562             | 3,260,062             | 3,260,062             | 3,260,062             |
| Intangible Right-to-Use Subscription Asset | 8,725,843             | 0                     | 0                     | 0                     | 0                     |
|  | <b>\$ 342,902,319</b> | <b>\$ 312,506,346</b> | <b>\$ 282,964,872</b> | <b>\$ 256,428,119</b> | <b>\$ 252,113,923</b> |

|  | Fiscal Year           |                       |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 2018                  | 2017                  | 2016                  | 2015                  | 2014                  |
| Computer / Audio Visual                    | \$ 6,261,708          | \$ 6,941,501          | \$ 7,151,494          | \$ 7,035,466          | \$ 6,920,823          |
| Education & Recreation                     | 1,041,380             | 1,041,380             | 809,372               | 837,034               | 923,817               |
| Library Books                              | 6,630,026             | 7,052,667             | 7,307,717             | 7,165,411             | 7,322,133             |
| Medical & Technical                        | 11,840,597            | 11,206,162            | 10,765,663            | 9,992,965             | 8,661,480             |
| Office Equipment & Furniture               | 285,676               | 158,526               | 199,884               | 216,382               | 250,107               |
| Other                                      | 5,538,675             | 4,874,522             | 4,675,145             | 3,933,473             | 3,507,462             |
| Physical Plant                             | 1,672,125             | 1,782,590             | 1,881,053             | 2,006,180             | 1,980,542             |
| Vehicles                                   | 3,928,535             | 3,816,431             | 3,766,376             | 3,720,857             | 3,664,253             |
| Buildings                                  | 190,452,158           | 190,452,158           | 190,452,158           | 189,947,916           | 189,670,381           |
| Construction in Progress                   | 2,361,583             | 47,392                | 0                     | 0                     | 0                     |
| Land                                       | 10,971,088            | 10,971,088            | 10,971,088            | 10,971,088            | 10,971,088            |
| Land Improvements                          | 4,320,223             | 4,320,223             | 4,320,223             | 4,320,223             | 4,320,223             |
| Intangible Right-to-Use Leased Buildings   | 0                     | 0                     | 0                     | 0                     | 0                     |
| Leasehold Improvements                     | 3,260,062             | 3,260,062             | 3,260,062             | 3,260,062             | 3,260,062             |
| Intangible Right-to-Use Subscription Asset | 0                     | 0                     | 0                     | 0                     | 0                     |
|  | <b>\$ 248,563,836</b> | <b>\$ 245,924,702</b> | <b>\$ 245,560,235</b> | <b>\$ 243,407,057</b> | <b>\$ 241,452,371</b> |

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> |
|--------------------|--|---|---------------------------|
| 2022               | \$ 138,825,309                                       | \$ 138,825,308  | \$ 1                      |
| 2021               | \$ 87,124,807  | \$ 87,124,806   | \$ 1                      |
| 2020               | \$ 101,393,690                                       | \$ 101,393,689  | \$ 1                      |
| 2019               | \$ 101,218,447                                       | \$ 101,218,446  | \$ 1                      |
| 2018               | \$ 101,399,448                                       | \$ 101,399,447  | \$ 1                      |
| 2017               | \$ 100,884,152                                       | \$ 100,884,151  | \$ 1                      |
| 2016               | \$ 114,444,168                                       | \$ 105,319,375  | \$ 9,124,793              |
| 2015               | \$ 112,293,950                                       | \$ 110,712,581  | \$ 1,581,369              |
| 2014               | \$ 115,829,735                                       | \$ 108,736,671  | \$ 7,093,064              |
| 2013               | \$ 126,021,541                                       | \$ 126,021,540  | \$ 1                      |
| 2012               | \$ 125,892,320                                       | \$ 125,892,319  | \$ 1                      |
| 2011               | \$ 122,989,612                                       | \$ 122,989,611  | \$ 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).