

# Pima County Community College District

Annual Budgeted Expenditure  
Limitation Report

Year Ended June 30, 2023

A Report to the Arizona Legislature

Lindsey A. Perry  
Auditor General





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**Katherine Edwards Decker**, Director

**Taryn Stangle**, Manager

## Contact Information

**Arizona Auditor General**  
**2910 N. 44th St., Ste. 410**  
**Phoenix, AZ 85018-7271**

**(602) 553-0333**

**contact@azauditor.gov**

**www.azauditor.gov**



# TABLE OF CONTENTS

|   |   |
|---|---|
| <b>Independent accountants' report</b>                        | 1 |
| <b>Annual Budgeted Expenditure Limitation Report—Part I</b>   | 2 |
| <b>Annual Budgeted Expenditure Limitation Report—Part II</b>  | 3 |
| <b>Notes to Annual Budgeted Expenditure Limitation Report</b> | 4 |



LINDSEY A. PERRY  
AUDITOR GENERAL

ARIZONA  
AUDITOR GENERAL

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## Independent accountants' report

Members of the Arizona State Legislature

The Governing Board of  
Pima County Community College District

### Annual Budgeted Expenditure Limitation Report

We have examined the accompanying Annual Budgeted Expenditure Limitation Report (report) of Pima County Community College District for the year ended June 30, 2023, and the related notes to the report. The District's management is responsible for presenting this report in accordance with the Uniform Expenditure Reporting System as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

### Accountants' responsibilities

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

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

### Opinion

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

### Emphasis of matter

As described in Note 9 of the report, the District restated its tuition and fees carryforward balance for fiscal years 2020, 2021, and 2022 to correct misstatements in previously issued Annual Budgeted Expenditure Limitation Reports. Our opinion is not modified with respect to this matter.

*Lindsey A. Perry*

Lindsey A. Perry, CPA, CFE  
Auditor General

February 5, 2025

**Pima County Community College District  
Annual Budgeted Expenditure Limitation Report—Part I  
Year ended June 30, 2023**

|  |                    |
|--|--------------------|
| 1. Economic Estimates Commission expenditure limitation          | \$137,158,048      |
| 2. Total amount subject to the limitation (from Part II, line C) | <u>137,158,047</u> |
| 3. Amount under the expenditure limitation                       | <u>\$ 1</u>        |

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

Signature of chief fiscal officer:  \_\_\_\_\_

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

Telephone number: (520) 206-4519 Date: February 5, 2025

See accompanying notes to report.

**Pima County Community College District  
Annual Budgeted Expenditure Limitation Report—Part II  
Year ended June 30, 2023**

| Description   | Total                |
|---|----------------------|
| A. Total budgeted expenditures  | \$264,478,127        |
| B. Less exclusions claimed:   |                      |
| Debt service requirements (Note 2)  | 5,449,858            |
| Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)  | 3,718,374            |
| Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts (Note 4) | 41,863,175           |
| Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 4)                              | 1,775,219            |
| Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 5)  | 3,995,114            |
| Contracts with other political subdivisions or tribal governments (Note 4)  | 4,899,052            |
| Tuition and fees (Notes 4 and 6)  | 38,578,633           |
| Refunds, reimbursements, and other recoveries (Note 4)  | 777,440              |
| Amounts earned through research and entrepreneurial activities (Notes 4 and 7)  | 507,154              |
| Amounts received from the State of Arizona for workforce development in accordance with A.R.S. §15-1472   | 4,218,878            |
| Prior years carryforward (Note 8)   | <u>21,537,183</u>    |
| Total exclusions claimed  | <u>127,320,080</u>   |
| C. Amounts subject to the expenditure limitation  | <u>\$137,158,047</u> |

See accompanying notes to report.

**Pima County Community College District  
Notes to Annual Budgeted Expenditure Limitation Report  
Year ended June 30, 2023**

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

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

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

**Note 2**

The \$5,449,858 exclusion claimed for debt service requirements includes principal and interest paid on capital debt of \$3,012,207 and \$2,437,651, respectively. The interest exclusion is reported within the \$2,061,670 interest expense amount reported on the statement of revenues, expenses and changes in net position—primary government, which is net of a \$644,178 amortization of bond premium.

**Note 3**

The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$3,718,374 consists of expended investment income reported on the statement of revenues, expenses, and changes in net position—primary government of \$3,753,241. The remaining investment income of \$34,867 was nonexcludable revenue.

**Note 4**

The following schedule presents revenues from which exclusions have been claimed for government grants, aid, contributions, contracts, commissions and rents, and other operating revenues.

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

|                          |                     |
|--------------------------|---------------------|
| Federal grants           | \$36,115,580        |
| State appropriations     | 8,673,683           |
| State and local grants   | 1,477,272           |
| Contracts                | 5,384,888           |
| Gifts                    | 1,292,633           |
| Commissions and rents    | 650,586             |
| Other operating revenues | <u>1,098,292</u>    |
| Total                    | <u>\$54,692,934</u> |

**Pima County Community College District  
Notes to Annual Budgeted Expenditure Limitation Report  
Year ended June 30, 2023**

**Annual Budgeted Expenditure Limitation Report:**

|  |                     |
|--|---------------------|
| Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts (Federal, state and local grants, and state appropriations) | \$41,863,175        |
| Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Gifts and state and local grants)   | 1,775,219           |
| Contracts with other political subdivisions or tribal governments (Contracts and commissions and rents)  | 4,899,052           |
| Tuition and fees (Contracts)   | 595,025             |
| Tuition and fees (Commissions and rents)   | 297,448             |
| Amounts earned through research and entrepreneurial activities (Commissions and rents and other operating revenues)  | 507,154             |
| Refunds, reimbursements, and other recoveries (Other operating revenues)   | <u>777,440</u>      |
| Total exclusions claimed   | <u>50,714,513</u>   |
| Other revenues (nonexcludable)   | 48                  |
| Amount carried forward   | <u>3,978,373</u>    |
| Total  | <u>\$54,692,934</u> |

**Note 5**

The Pima County Community College District Governing Board approved the accumulation of money for the purpose of purchasing land or buildings, or construction of buildings or improvements. Of the \$15,434,031 expended for construction in progress, \$3,995,114 was claimed as an exclusion, and \$11,405,066 was claimed as a prior year carryforward exclusion under debt proceeds. The remaining \$33,851 was nonexcludable. See Note 8.

**Note 6**

The District does not budget tuition and fees revenue net of scholarship allowances. The exclusion claimed for tuition and fees of \$38,578,633 consists of the \$37,686,160 of the gross tuition and fees reported on the statement of revenues, expenses and changes in net position—primary government that was expended and claimed as an exclusion. As shown in Note 4, the amount expended and excluded for tuition and fees also includes \$595,025 in contract instruction tuition and bookstore and athletic ticket sales reported as commissions and rents of \$297,448 that is reported on the statement of revenues, expenses, and changes in net position—primary government.

**Note 7**

The exclusion claimed for amounts earned through research and entrepreneurial activities of \$507,154 consists of expended commissions and rent revenues of \$186,350 and other operating revenues of \$320,804 reported on the statement of revenues, expenses, and changes in net position—primary government.

**Pima County Community College District  
Notes to Annual Budgeted Expenditure Limitation Report  
Year ended June 30, 2023**

**Note 8**

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

| <b>Description</b>   | <b>Total</b>        |
|--|---------------------|
| Debt proceeds  | \$11,405,066        |
| Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts | 540,939             |
| Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes                              | 163                 |
| Tuition and fees   | <u>9,591,015</u>    |
| Total prior years carryforward expended  | <u>\$21,537,183</u> |

**Note 9**

Revenues that are constitutionally excludable and unexpended in the year of receipt may be accumulated and excluded in future years. The June 30, 2022, beginning carryforward balance for tuition and fees was restated to properly include \$5,004,604 in prior years, excludable revenues from fiscal years 2020, 2021, and 2022 that were incorrectly recorded. Specifically, interest expense included in the total budgeted expenditures was overstated by \$661,934 in fiscal year 2022. In addition, during fiscal years 2020, 2021, and 2022, the District excluded \$1,232,811, \$1,176,367, and \$1,933,492, respectively, of tuition and fees that should have been presented as an exclusion for debt service proceeds because the proceeds were spent in those fiscal years. There was no impact on the Debt proceeds carryforward balance because no exclusions were taken in the years the proceeds were spent. The restatements did not affect the total amount subject to the expenditure limitation or amount under the expenditure limitation for all 3 fiscal years. A summary of the accumulated revenue sources and the changes in the balances is shown in the table below:

| <b>Description</b>   | <b>Balance<br/>June 30, 2022,<br/>as restated</b> | <b>Additions</b>   | <b>Reductions</b>   | <b>Balance<br/>June 30, 2023</b> |
|--|---|--------------------|---------------------|----------------------------------|
| Debt proceeds  | \$ 16,986,623                                     |                    | \$11,405,066        | \$ 5,581,557                     |
| Dividends, interest, and gains on the sale or redemption of investment securities  | 495,810   |                    |                     | 495,810                          |
| Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts | 12,188,531  | \$3,892,867        | 540,939             | 15,540,459                       |
| Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes                              | 87,300  | 27,907             | 163                 | 115,044                          |
| Tuition and fees   | 104,892,156                                       | 57,599             | 9,591,015           | 95,358,740                       |
| Amounts received from the State of Arizona for workforce development in accordance with A.R.S. §15-1472  | <u>1,821,520</u>                                  |                    |                     | <u>1,821,520</u>                 |
| Total carryforward   | <u>\$136,471,940</u>                              | <u>\$3,978,373</u> | <u>\$21,537,183</u> | <u>\$118,913,130</u>             |

