

Pima County Community College District

Expenditure Limitation Report

Year Ended June 30, 2017



A Report to the Arizona Legislature

Debra K. Davenport
Auditor General





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DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent accountants' report

Members of the Arizona State Legislature

The Governing Board of
Pima County Community College District

We have examined the accompanying annual budgeted expenditure limitation report of Pima County Community College District for the year ended June 30, 2017, and the related notes to the report. The District's management is responsible for presenting this report in accordance with the uniform expenditure reporting system as described in note 1. Our responsibility is to express an opinion on this report based on our examination.

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

In our opinion, the annual budgeted expenditure limitation report referred to above is presented in accordance with the information prescribed by the uniform expenditure reporting system as described in note 1 in all material respects.

Jay Zsorey, CPA
Financial Audit Director

March 8, 2018



Pima County Community College District
Annual budgeted expenditure limitation report—part I
Year ended June 30, 2017

1. Economic Estimates Commission expenditure limitation	\$100,884,152
2. Amount subject to the expenditure limitation (total amount from part II, line C)	<u>100,884,151</u>
3. Amount under the expenditure limitation	<u>\$ 1</u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of chief fiscal officer: _____

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

Telephone number: (520) 206-4519 Date: March 8, 2018

See accompanying notes to report.

Pima County Community College District
Annual budgeted expenditure limitation report—part II
Year ended June 30, 2017

Description	Current funds			Plant funds	Total
	Unrestricted		Restricted	Unexpended	
	General	Auxiliary enterprises			
A. Total budgeted expenditures	\$ 141,449,459	\$ 979,401	\$ 41,379,119	\$ 6,025,984	\$ 189,833,963
B. Less exclusions claimed:					
Dividends, interest, and gains on the sale or redemption of investment securities	308,840	208	14,862		323,910
Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts (Note 2)	170,522		40,411,888		40,582,410
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 2)			924,546		924,546
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements				47,392	47,392
Contracts with other political subdivisions or tribal governments (Note 2)	675,287				675,287
Tuition and fees (Notes 2 and 3)	42,385,852	1,638		1,065,356	43,452,846
Refunds, reimbursements, and other recoveries (Note 4)	6,301				6,301
Amounts earned through research and entrepreneurial activities (Note 5)	783,274	913,761			1,697,035
Amounts received from the State of Arizona for workforce development in accordance with A.R.S. §15-1472 (Note 6)				1,227,608	1,227,608
Prior years carryforward (Note 7)	4,889		7,588		12,477
Total exclusions claimed	<u>44,334,965</u>	<u>915,607</u>	<u>41,358,884</u>	<u>2,340,356</u>	<u>88,949,812</u>
C. Amounts subject to the expenditure limitation	<u>\$ 97,114,494</u>	<u>\$ 63,794</u>	<u>\$ 20,235</u>	<u>\$3,685,628</u>	<u>\$ 100,884,151</u>

See accompanying notes to report.

Pima County Community College District
Notes to annual budgeted expenditure limitation report
Year ended June 30, 2017

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, 15-1472, and 15-1444 from the total budgeted expenditures.

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

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

Note 2

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

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

Federal grants	\$39,352,391
State and local grants	1,544,239
Contracts	2,660,348
Gifts	711,223
Capital grants and gifts	<u>39,520</u>
Total	<u>\$44,307,721</u>

Annual budgeted expenditure limitation report:

Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts	\$40,582,410
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	924,546
Contracts with other political subdivisions or tribal governments	675,287
Tuition and fees	<u>1,965,370</u>
Total exclusions claimed	<u>44,147,613</u>
Other revenues (nonexcludable)	140,417
Amount carried forward	<u>19,691</u>
Total	<u>\$44,307,721</u>

Pima County Community College District
Notes to annual budgeted expenditure limitation report
Year ended June 30, 2017

Note 3

The District does not budget tuition and fees revenue net of scholarship allowances. Of the gross tuition and fees of \$43,405,491 reported on the statement of revenues, expenses, and changes in net position, only \$41,487,476 was expended and claimed as an exclusion. The remaining \$1,918,015 has been carried forward to future years. In addition, \$1,965,370 of exclusion claimed for tuition and fees is reported as part of the \$2,660,348 in contracts on the statement of revenues, expenses and changes in net position and was expended for contract instruction tuition.

Note 4

Amounts received for refunds, reimbursements, and other recoveries are included in other operating revenues on the statement of revenues, expenses, and changes in net position. Of these excludable revenues, only \$6,301 was expended and claimed as an exclusion. The remaining \$8,759 has been carried forward to future years.

Note 5

Amounts earned through research and entrepreneurial activities are included in commissions and rents and other operating revenues on the statement of revenues, expenses, and changes in net position. Of these excludable revenues, only \$1,697,035 was expended and claimed as an exclusion. The remaining \$65,882 has been carried forward to future years.

Note 6

Amounts received from the State of Arizona for workforce development in accordance with A.R.S. §15-1472 are reported as the share of state sales taxes on the statement of revenues, expenses, and changes in net position. Of these excludable revenues, only \$1,227,608 was expended and claimed as an exclusion. The remaining \$1,113,395 has been carried forward to future years.

Note 7

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

Description	Current general fund	Current restricted fund
Contracts with other political subdivisions	\$4,889	
Grants and aid from a private organization	<u> </u>	\$7,588
Total prior years carryforward expended	<u>\$4,889</u>	<u>\$7,588</u>

Pima County Community College District
Notes to annual budgeted expenditure limitation report
Year ended June 30, 2017

Note 8

During the 2016 and 2015 fiscal years, the District excluded \$8,004,815 and \$1,561,531, respectively, of tuition and fees that should have been carried forward. As a result, the District is restating its tuition and fees exclusions for fiscal years 2016 and 2015 and carrying forward the remaining amounts of \$8,004,815 and \$1,561,531, respectively, to future years as follows:

Restatement of prior years' expenditure limitation

	Fiscal Year	
	2016	2015
Economic Estimates Commission expenditure limitation	\$114,444,168	\$112,293,950
Amount subject to the expenditure limitation, as previously stated	105,319,375	110,712,581
Tuition and fees exclusion taken, as previously reported	47,212,104	47,191,404
Tuition and fees exclusion, as restated	<u>(39,207,289)</u>	<u>(45,629,873)</u>
Tuition and fees revenues carried forward to future years, as restated	8,004,815	1,561,531
Amounts subject to the expenditure limitation, as restated	<u>113,324,190</u>	<u>112,274,112</u>
Amount under the expenditure limitation, as restated	<u>1,119,978</u>	<u>19,838</u>

