

Pima County Community College District

Annual Budgeted Expenditure
Limitation Report

Year Ended June 30, 2019

A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





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MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

ARIZONA AUDITOR GENERAL
LINDSEY A. PERRY

JOSEPH D. MOORE
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, 2019, and the related notes to the report. The District's management is responsible for presenting this report in accordance with the Uniform Expenditure Reporting System as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

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

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

Donna Miller, CPA
Director, Financial Audit Division

June 8, 2020

**Pima County Community College District
Annual Budgeted Expenditure Limitation Report—Part I
Year ended June 30, 2019**

1. Economic Estimates Commission expenditure limitation	\$101,218,447
2. Total amount subject to the limitation (from part II, line C)	<u>101,218,446</u>
3. Amount under the expenditure limitation	<u>\$ 1</u>

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

Signature of chief fiscal officer: (Signature removed for website presentation.)

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

Telephone number: (520) 206-4519 Date: June 8, 2020

See accompanying notes to report.

**Pima County Community College District
Annual Budgeted Expenditure Limitation Report—Part II
Year ended June 30, 2019**

Description	Current funds			Plant funds		Total
	Unrestricted		Restricted	Unexpended Plant	Retirement of indebtedness	
	General	Auxiliary enterprises				
A. Total budgeted expenditures	\$ 137,640,985	\$ 707,623	\$ 43,463,342	\$ 11,623,904	\$ 1,484,414	\$ 194,920,268
B. Less exclusions claimed:						
Debt proceeds (Note 2)				3,869,742		3,869,742
Debt service requirements (Note 3)					1,460,022	1,460,022
Dividends, interest, and gains on the sale or redemption of investment securities (Note 4)	3,200,175		7,946	937,944		4,146,065
Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts (Note 5)			41,905,079			41,905,079
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 5)	794		814,980			815,774
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 6)				347,181		347,181
Contracts with other political subdivisions or tribal governments (Note 5)	2,068,444					2,068,444
Tuition and fees (Notes 5 and 7)	35,284,151	74,638	708,049	1,003,670		37,070,508
Refunds, reimbursements, and other recoveries (Note 8)	465,170					465,170
Amounts received from the State of Arizona for workforce development in accordance with A.R.S. §15-1472 (Note 9)				1,191,959		1,191,959
Amounts earned through research and entrepreneurial activities (Note 10)	169,145	164,980				334,125
Prior years carryforward (Note 11)	465		27,288			27,753
Total exclusions claimed	41,188,344	239,618	43,463,342	7,350,496	1,460,022	93,701,822
C. Amounts subject to the expenditure limitation	\$ 96,452,641	\$ 468,005	\$ -	\$ 4,273,408	\$ 24,392	\$ 101,218,446

See accompanying notes to report.

Pima County Community College District

Notes to Annual Budgeted Expenditure Limitation Report

Year ended June 30, 2019

Note 1 - Summary of significant accounting policies

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

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

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

Note 2

Of the \$65,005,833 reported as proceeds from the issuance of capital debt on the statement of cash flows—primary government, net of \$443,102 for issuance costs, only \$3,869,742 was expended from debt proceeds and claimed as an exclusion. The remaining \$61,579,193 of debt proceeds has been carried forward to future years.

Note 3

The \$1,460,022 exclusion claimed for debt service requirements includes principal and interest paid on capital debt of \$261,613 and \$1,198,409, respectively. The interest exclusion is reported within the \$883,313 Interest expense amount on the statement of revenues, expenses and changes in net position—primary government which is net of a \$315,096 amortization of bond premium.

Note 4

The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$4,146,065 consists of expended investment income reported on the statement of revenues, expenses, and changes in net position—primary government. The remaining investment income of \$159,391 has been carried forward to future years.

Note 5

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

**Pima County Community College District
Notes to Annual Budgeted Expenditure Limitation Report
Year ended June 30, 2019**

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

Federal grants	\$40,423,631
State and local grants	1,575,675
Contracts	3,690,885
Gifts	<u>766,260</u>
Total	<u>\$46,456,451</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	\$41,905,079
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	815,774
Contracts with other political subdivisions or tribal governments	2,068,444
Tuition and fees	<u>1,449,707</u>
Total exclusions claimed	<u>46,239,004</u>
Other revenues (nonexcludable)	9,331
Amount carried forward	<u>208,116</u>
Total	<u>\$46,456,451</u>

Note 6

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 \$3,488,896 expended for construction in progress, \$347,181 was claimed as an exclusion. The remaining amount of \$3,141,715 was already claimed as an exclusion as part of bond proceeds.

Note 7

The District does not budget tuition and fees revenue net of scholarship allowances. Of the gross tuition and fees of \$43,133,034 reported on the statement of revenues, expenses and changes in net position—primary government, only \$34,700,678 was expended and claimed as an exclusion. The remaining \$8,432,356 has been carried forward to future years. In addition, \$1,449,707 of the exclusion claimed for tuition and fees is reported as part of the \$3,690,885 in contracts on the statement of revenues, expenses and changes in net position—primary government and was expended from contract instruction tuition. The remaining \$163,955, reported within contracts revenues, was carried forward to future years. Finally, \$920,123 of the exclusion claimed for tuition and fees consists of amounts expended from bookstore, concessions, and athletic ticket sales included in commissions and rents and other operating revenues on the statement of revenues, expenses, and changes in net position—primary government. The remaining \$22,976, reported within commissions and rents revenues, was carried forward to future years.

**Pima County Community College District
Notes to Annual Budgeted Expenditure Limitation Report
Year ended June 30, 2019**

Note 8

Amounts received for refunds, reimbursements, and other recoveries are included in other operating revenues on the statement of revenues, expenses, and changes in net position—primary government. Of these excludable revenues, \$465,170 was expended and claimed as an exclusion. The remaining \$159,358 has been carried forward to future years.

Note 9

Amounts received from the State of Arizona for workforce development in accordance with A.R.S. §15-1472 are reported as the share of state sales taxes on the statement of revenues, expenses and changes in net position—primary government. Of these excludable revenues, only \$1,191,959 was expended and claimed as an exclusion. The remaining \$1,459,329 has been carried forward to future years.

Note 10

Amounts earned through research and entrepreneurial activities are included in other operating revenues and auxiliary revenues on the statement of revenues, expenses, and changes in net position—primary government. Of these excludable revenues, \$334,125 was expended and claimed as an exclusion. The remaining \$195,355 has been carried forward to future years.

Note 11

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
Amounts earned through research and entrepreneurial activities	\$304	
Contracts with other political subdivisions or tribal governments	161	
Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts		<u>\$27,288</u>
Total prior years carryforward expended	<u>\$465</u>	<u>\$27,288</u>

