

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2016

Governing Board Meeting
February 8, 2017

Presented by: David Bea, Ph.D.



Overview - Comprehensive Annual Financial Report (CAFR)

- Includes the basic audited financial statements plus supplemental financial and summary information that helps illustrate the College's financial and operational position
- Organized into three sections
 - Introductory Section
 - Financial Section
 - Statistical Section



CAFR - Introductory Section

- Message from the Chancellor
- Letter of Transmittal
- Certificate of Achievement for Excellence in Financial Reporting from Government Finance Officers Association (GFOA) (24th consecutive year)
 - Highest form of recognition in governmental accounting and financial reporting
- Organization Chart, Principal Officers
- College Vision, Mission, Values



CAFR - Financial Section

- AZ Auditor General Audit opinion (page 13)
 - Unqualified opinion from the Arizona Office of the Auditor General indicates the College's financial statements are reliable, fairly presented, and prepared according to accepted accounting principles
- Management's Discussion and Analysis
- Basic Financial Statements, includes component unit - PCC Foundation
 - Statement of Net Position
 - Statement of Revenues, Expenses and Changes in Net Position
 - Statement of Cash Flows
 - Notes to Financial Statements
 - Required Supplementary Information



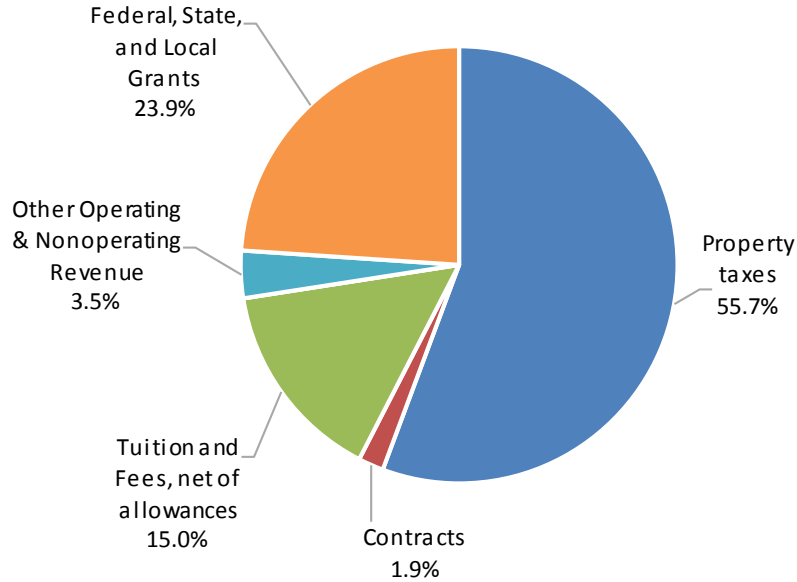
CAFR - Statistical Information

- Financial Trends
 - Net Position, Expenses, Revenues
- Revenue Capacity
 - Property Tax and Levy Data, Tuition Rates
- Debt Capacity
 - Debt Schedules and Data
- Demographic and Economic Information
 - Pima County data
- Operating Information
 - Staffing, Enrollment, Degree Statistics, Capital Asset Schedule, Expenditure Limitation, Additional Information

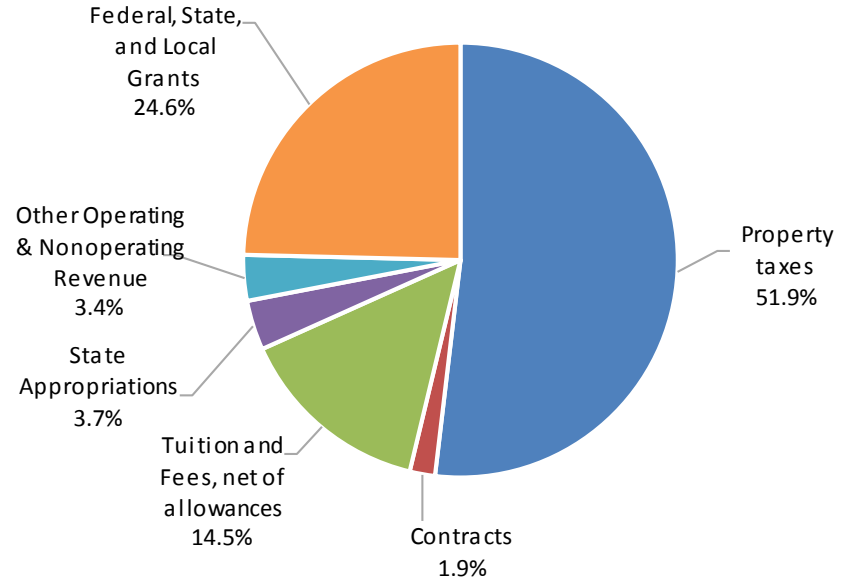


Revenues by Source

**Revenues by Source
FY 2016
\$185,468,767**



**Revenues by Source
FY 2015
\$191,740,213**



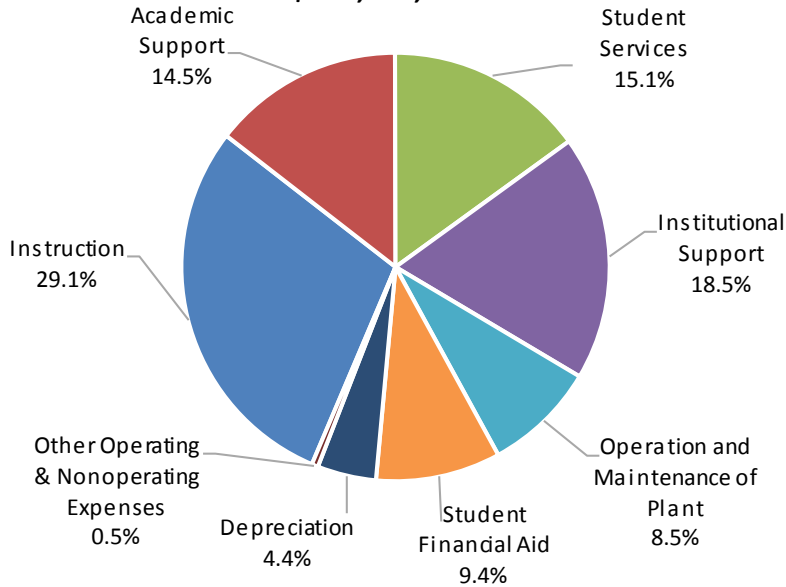
Revenues by Source

	<u>FY 2016</u>	<u>FY 2015</u>	<u>\$ Change</u>	<u>% Change</u>
<u>Operating Revenues</u>				
Tuition and Fees (net of allowances) \$	27,792,518	\$ 27,860,572	(\$68,054)	-0.2%
Contracts	3,485,053	3,614,371	(129,318)	-3.6%
Commissions and Rents	1,658,484	1,608,709	49,775	3.1%
Other Operating Revenues	<u>912,844</u>	<u>1,137,112</u>	<u>(224,268)</u>	-19.7%
Total Operating Revenues	33,848,899	34,220,764	(371,865)	-1.1%
<u>Nonoperating Revenues</u>				
Property Taxes	103,274,540	99,464,621	3,809,919	3.8%
State Appropriations	-	7,093,500	(7,093,500)	-100.0%
Federal Grants	42,891,284	45,616,708	(2,725,424)	-6.0%
State and Local Grants	1,523,348	1,573,775	(50,427)	-3.2%
Share of State Sales Tax	2,282,341	2,331,857	(49,516)	-2.1%
Gifts	843,947	802,841	41,106	5.1%
Investment Income	710,033	489,706	220,327	45.0%
Other Nonoperating Revenues, net	<u>56,720</u>	<u>10,100</u>	<u>46,620</u>	461.6%
Total Nonoperating Revenues	151,582,213	157,383,108	(5,800,895)	-3.7%
Capital Gifts and Grants	37,655	136,341	(98,686)	-72.4%
Total Revenues	\$ 185,468,767	\$ 191,740,213	(\$6,271,446)	-3.3%

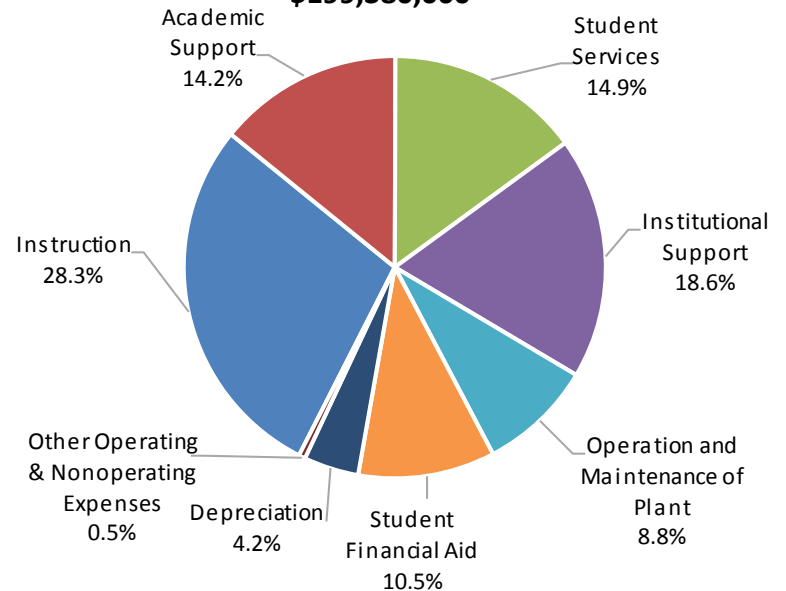


Expenses by Category

**Expenses by Category
FY 2016
\$187,167,426**



**Expenses by Category
FY 2015
\$199,380,000**



Expenses by Category

	<u>FY 2016</u>	<u>FY 2015</u>	<u>\$ Change</u>	<u>% Change</u>
<u>Operating Expenses</u>				
Educational and General				
Instruction	\$ 54,486,848	\$ 56,521,328	(\$2,034,480)	-3.6%
Academic Support	27,061,889	28,307,683	(1,245,794)	-4.4%
Student Services	28,184,238	29,761,778	(1,577,540)	-5.3%
Institutional Support	34,664,541	36,990,188	(2,325,647)	-6.3%
Operation and Maintenance of Plant	15,905,619	17,474,890	(1,569,271)	-9.0%
Student Financial Aid	17,646,631	20,923,754	(3,277,123)	-15.7%
Auxiliary Enterprises	876,462	972,572	(96,110)	-9.9%
Depreciation	8,321,837	8,403,706	(81,869)	-1.0%
Total Operating Expenses	187,148,065	199,355,899	(12,207,834)	-6.1%
<u>Nonoperating Expenses</u>				
Loss on Capital Asset Disposal	19,361	24,101	(4,740)	-19.7%
Total Nonoperating Expenses	19,361	24,101	(4,740)	-19.7%
Total Expenses	\$ 187,167,426	\$ 199,380,000	(\$12,212,574)	-6.1%



Expenses by Type

Expense Type	FY 2016	FY 2015	\$ Change
Employee Compensation and Benefits	\$ 125,046,081	\$ 127,935,467	\$ (2,889,386)
Communication and Utilities	5,174,522	5,803,596	(629,074)
Travel	1,818,299	1,830,431	(12,132)
Contractual Services	16,342,555	18,749,281	(2,406,726)
Supplies and Materials	7,610,844	9,084,437	(1,473,593)
Student Financial Aid	17,646,631	20,923,754	(3,277,123)
Other Expenses	5,187,296	6,625,227	(1,437,931)
Depreciation	8,321,837	8,403,706	(81,869)
Total Operating Expenses	\$ 187,148,065	\$ 199,355,899	\$ (12,207,834)



Net Position

Item	FY 2016	FY 2015	\$ Change
Cash and Cash Equivalents	\$ 44,477,872	\$ 40,034,277	\$ 4,443,595
Short + Long-term Investments	56,429,069	55,656,676	772,393
Other Current + Non-Current Assets	121,483,407	126,775,440	(5,302,033)
Total Assets	\$ 222,380,348	\$ 222,466,393	(\$ 86,045)
Total Liabilities	158,660,371	149,377,777	9,282,594
Total Net Position	\$ 66,287,286	\$ 67,985,945	(\$ 1,698,659)
Net Position			
Invested in Capital Assets (net of related debt)	\$ 106,258,844	\$ 111,016,873	(\$ 4,758,029)
Restricted Net Position	10,126,191	8,869,962	1,256,229
Unrestricted Net Position	(\$ 50,097,749)	(\$ 51,900,890)	\$ 1,803,141)
Total Net Position	\$ 66,287,286	\$ 67,985,945	(\$ 1,698,659)



Revenues, Expenses, and Changes in Net Position

Item	FY 2016	FY 2015
Total Operating Revenues	\$ 33,848,899	\$ 34,220,764
Total Operating Expenses	187,148,065	199,355,899
Operating Loss	(153,299,166)	(165,135,135)
Net Nonoperating Revenues	151,562,852	157,359,007
Deficit before Capital Appropriations, Gifts and Grants	(1,736,314)	(7,776,128)
Capital Appropriations, Gifts and Grants	37,655	136,341
Increase (Decrease) in Net Position	\$ (1,698,659)	\$ (7,639,787)



FY 2016 Audit Results

- Financial Statement Audit
 - “...the financial statements referred to above present fairly, in all material respects...”
- Internal Control over financial reporting
- Single Audit (A-133)
- Expenditure Limitation Audit is still in process and not yet completed



FY 2016 CAFR Changes

- New!
 - Message from the Chancellor
 - Expenditure Limitation explanation and data
 - Links to Additional Information
- Improved!
 - All data tables are portrait orientation - easier to read
 - Schedules for Principal Property Taxpayer and Principal Employers now provide data that is easier to compare



Summary

- Unqualified opinion from the Arizona Office of the Auditor General indicating the College's financial statements are reliable, fairly presented, and prepared according to accepted accounting principles.
- PCC is debt free, the secondary property taxes Pima County taxpayers pay to the College is zero.
- Elimination of State appropriations reduced nonoperating revenues.
- Decreased enrollment created lower tuition and fee and lower grant revenue. Continued efforts to reduce expenses helped mitigate these impacts.
- GASB 'Statement No. 68, Accounting and Financial Reporting for Pensions', was implemented June 30, 2015 and this accounting change continues to impact the way the College accounts for its share of pension liability for the two defined benefit retirement plans that the College contributes to: the Arizona State Retirement System (ASRS) and the Public Safety Personnel Retirement System (PSPRS).



A special thank you to Budget and Reporting for their work on the CAFR:

Ina Lancaster, Carl Englander, Leslie Fisher, Aurora Juarez, Marisa Mandal, Tim Rapoza, & Bernard Simon

