

# Pima County Community College District

Annual Budgeted Expenditure  
Limitation Report

Year Ended June 30, 2024

A Report to the Arizona Legislature

Lindsey A. Perry  
Auditor General





The Arizona Auditor General's mission is to provide independent and impartial information and specific recommendations to improve the operations of State and local government entities. To this end, the Office provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits and special reviews of school districts, State agencies, and the programs they administer.

## The Joint Legislative Audit Committee

Senator **Mark Finchem**, Chair

Senator **Flavio Bravo**

Senator **Tim Dunn**

Senator **David C. Farnsworth**

Senator **Catherine Miranda**

Senator **Warren Petersen** (ex officio)

Representative **Matt Gress**, Vice Chair

Representative **Michael Carbone**

Representative **Michele Peña**

Representative **Stephanie Stahl-Hamilton**

Representative **Betty Villegas**

Representative **Steve Montenegro** (ex officio)

## Audit Staff

**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](mailto:contact@azauditor.gov)

[www.azauditor.gov](http://www.azauditor.gov)



## TABLE OF CONTENTS

<b>Independent accountants' report</b>	<b>1</b>
<b>Annual Budgeted Expenditure Limitation Report—Part I</b>	<b>2</b>
<b>Annual Budgeted Expenditure Limitation Report—Part II</b>	<b>3</b>
<b>Annual Budgeted Expenditure Limitation Report—Reconciliation</b>	<b>4</b>
<b>Notes to Annual Budgeted Expenditure Limitation Report</b>	<b>5</b>



## ARIZONA AUDITOR GENERAL

Lindsey A. Perry, 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 (report) of Pima County Community College District (District) for the year ended June 30, 2024, 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.

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

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.

*Lindsey A. Perry*

Lindsey A. Perry, CPA, CFE  
Auditor General

July 15, 2025

**Pima County Community College District**  
**Annual Budgeted Expenditure Limitation Report—Part I**  
**Year ended June 30, 2024**

1. Economic Estimates Commission expenditure limitation	\$140,472,699
2. Total amount subject to the limitation (from Part II, line C)	<u>140,472,698</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: July 15, 2025

See accompanying notes to report.

**Pima County Community College District**  
**Annual Budgeted Expenditure Limitation Report—Part II**  
**Year ended June 30, 2024**

Description	Total
A. Final adopted budgeted expenditures from Reconciliation, line E.3	\$278,168,667
B. Less exclusions claimed:	
Debt service requirements (Note 3)	4,618,965
Dividends, interest, and gains on the sale or redemption of investment securities (Note 4)	7,484,737
Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts (Note 5)	49,762,017
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 5)	2,151,786
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 6)	13,320,947
Contracts with other political subdivisions or tribal governments (Note 5)	8,793,174
Tuition and fees (Notes 5 and 7)	38,259,414
Refunds, reimbursements, and other recoveries (Note 5)	1,592,036
Amounts earned through research and entrepreneurial activities (Notes 5 and 8)	614,996
Amounts received from the State of Arizona for workforce development in accordance with A.R.S. §15-1472	4,329,747
Prior years carryforward (Note 9)	<u>6,768,150</u>
Total exclusions claimed	<u>137,695,969</u>
C. Amount subject to the expenditure limitation	<u>\$140,472,698</u>

See accompanying notes to report.

# Pima County Community College District

## Annual Budgeted Expenditure Limitation Report—Reconciliation

### Year ended June 30, 2024

Description	Total
A. Total operating and nonoperating expenses and applicable special items and extraordinary items reported within the financial statements	\$246,311,859
B. Subtractions:	
1. Items not requiring use of current financial resources:	
a. Depreciation and amortization	12,453,951
b. Pension and other postemployment benefits (OPEB) expense (Note 10)	15,703,711
c. Claims incurred but not reported (IBNR) (Note 11)	11,129,663
d. Compensated absences (Note 12)	<u>7,202,907</u>
2. Total subtractions	<u>46,490,232</u>
C. Additions:	
1. Principal payments on long-term debt	5,778,792
2. Capital asset acquisitions	27,295,838
3. Amounts paid in the current year but reported as expenses in previous years:	
a. Claims previously recognized as IBNR (Note 11)	10,501,063
b. Compensated absences (Note 12)	6,629,344
4. Pension and OPEB contributions paid in the current year (Note 10)	13,287,378
5. Scholarship allowance	<u>14,854,625</u>
6. Total additions	<u>78,347,040</u>
D. Total financial statement expenses adjusted to UERS-basis actual expenditures (Line A. - Line B.2. + Line C.6.)	<u>278,168,667</u>
E. Total budgeted expenditures	
1. Original adopted budgeted expenditures	367,473,000
2. Budgetary adjustment (Note 2)	<u>(89,304,333)</u>
3. Final adopted budgeted expenditures (reported on part II, line A)	<u>\$278,168,667</u>

See accompanying notes to report.

**Pima County Community College District**  
**Notes to Annual Budgeted Expenditure Limitation Report**  
**Year ended June 30, 2024**

**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 and each subtraction or addition in the Reconciliation that cannot be traced directly to an amount reported in the annual financial statements.

**Note 2**

The District has adopted a final budget equal to its UERS-basis actual expenditures. See Notes 10 through 12, and the Reconciliation.

**Note 3**

The \$4,618,965 exclusion claimed for debt service requirements includes principal and interest paid on capital debt of \$2,930,739 and \$1,688,226 respectively. The interest exclusion is reported within the \$1,948,634 interest expense amount reported on the statement of revenues, expenses and changes in net position—primary government.

**Note 4**

The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$7,484,737 consists of expended investment income reported on the statement of revenues, expenses, and changes in net position—primary government of \$8,124,985. Remaining unspent, excludable revenues of \$611,354 have been carried forward to future years and the remaining \$28,894 was not excludable.

**Note 5**

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

<b>Statement of revenues, expenses, and changes in net position—primary government:</b>	
Federal grants	\$40,808,822
State appropriations	10,882,155
State and local grants	1,526,911
Contracts	9,770,528
Gifts	1,608,689
Commissions and rents	695,257
Other operating revenues	<u>2,077,733</u>
Total	<u>\$67,370,095</u>



# Pima County Community College District

## Notes to Annual Budgeted Expenditure Limitation Report

### Year ended June 30, 2024

#### 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 grants, state and local grants, and state appropriations)	\$49,762,017
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)	2,151,786
Contracts with other political subdivisions or tribal governments (Contracts)	8,644,331
Contracts with other political subdivisions or tribal governments (Commissions and rents)	148,843
Tuition and fees (Contracts)	878,986
Tuition and fees (Commissions and rents)	417,115
Amounts earned through research and entrepreneurial activities (Commissions and rents and other operating revenues)	614,996
Refunds, reimbursements, and other recoveries (Other operating revenues)	<u>1,592,036</u>
Total exclusions claimed (Operating and Nonoperating)	<u>64,210,110</u>
Unspent, excludable revenues carried forward	<u>3,159,985</u>
Total	<u>\$67,370,095</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 \$20,840,933 expended for construction in progress, \$13,320,947 was claimed as an exclusion, \$1,767,015 was claimed as an exclusion under Grants, aid, or contributions to the federal government, the State of Arizona, or other political subdivisions, and \$5,581,557 was claimed as a prior year carryforward exclusion under debt proceeds. See Note 9. The remaining \$171,414 was not excludable.

#### Note 7

The District does not budget tuition and fees revenue net of scholarship allowances. The exclusion claimed for tuition and fees of \$38,259,414 consists of the \$40,109,300 of the gross tuition and fees reported on the statement of revenues, expenses and changes in net position—primary government. As shown in Note 5, the amount expended and excluded for tuition and fees also includes \$878,986 in contract instruction, and athletic ticket sales reported as commissions and rents of \$417,115 that is reported in other operating revenues on the statement of revenues, expenses, and changes in net position—primary government. The remaining \$3,145,987 of unspent, excludable revenues have been carried forward to future years.

# Pima County Community College District

## Notes to Annual Budgeted Expenditure Limitation Report

### Year ended June 30, 2024

#### Note 8

The exclusion claimed for amounts earned through research and entrepreneurial activities of \$614,996 consists of expended commissions and rent revenues of \$229,662 and other operating revenue of \$385,334 reported on the statement of revenues, expenses, and changes in net position-primary government.

#### Note 9

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	\$5,581,557
Dividends, interest, and gains on the sale or redemption of investment securities	276,786
Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts	751,748
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	15,245
Tuition and fees	126,281
Amounts received from the State of Arizona for workforce development in accordance with ARS 15-1472	<u>16,533</u>
Total prior years carryforward expended	<u>\$6,768,150</u>

#### Note 10

The \$15,703,711 subtraction for pension and other post-employment benefit (OPEB) expense consists of changes in the net pension and OPEB assets and liabilities and changes in deferred inflows and outflows related to pensions and OPEB recognized in the current year. Additionally, this subtraction differs from the amount reported on the annual financial statements, Note 5. Pension and Other Post Employment Benefits by \$32,226 due to reporting an overstatement in the financial statements note disclosure. The \$13,287,378 addition for pension and OPEB contributions paid in the current year consists of the required pension and OPEB contributions made to the Arizona State Retirement System and the Public Safety Personnel Retirement System. The schedule below reconciles the net effect the subtraction and addition have on the expenditures subject to the limitation to the amounts reported on the statement of cash flows' net effect on cash.

<b><u>Statement of cash flows</u></b>	<b>Total</b>
Change in OPEB asset	\$ (181,820)
Change in deferred inflows related to pensions and OPEB	(1,235,169)
Change in deferred outflows related to pensions and OPEB	(4,961,937)
Change in net pension and OPEB liability	<u>8,795,259</u>
Total	<u>\$ 2,416,333</u>

# Pima County Community College District

## Notes to Annual Budgeted Expenditure Limitation Report

### Year ended June 30, 2024

#### **ABELR – Reconciliation**

Pension/OPEB contributions – addition	\$ 13,287,378
Pension/OPEB expense(income) – subtraction	<u>(15,703,711)</u>
Total	<u>\$ (2,416,333)</u>

#### **Note 11**

The \$11,129,663 subtraction for claims incurred but not reported consists of the estimated costs of claims incurred and expensed in the current year but not yet paid. The \$10,501,063 addition for claims paid in the current year, but reported as expenses incurred but not reported in previous years, consists of cash payments in the current year for claims recognized as an expense in previous years.

#### **Note 12**

The \$7,202,907 subtraction for compensated absences consists of the estimated costs of compensated absences incurred and expensed in the current year but not yet paid. The \$6,629,344 addition for compensated absences in the current year, but reported as expenses in previous years, consists of cash payments in the current year for compensated absences recognized as an expense in previous years.

#### **Note 13**

Revenues that are constitutionally excludable and unexpended in the year of receipt may be accumulated and excluded in future years when spent. A summary of the accumulated revenue sources and their balances is shown in the table below:

<b>Description</b>	<b>Balance June 30, 2023</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2024</b>
Debt bond proceeds	\$ 5,581,557		\$5,581,557	
Dividends, interest, and gains on the sale or redemption of investment securities	495,810	\$ 611,354	276,786	\$ 830,378
Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts	15,540,459	2,883,745	751,748	17,672,456
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	115,044	29,029	15,245	128,828
Tuition and fees	95,358,740	3,393,198	126,281	98,625,657
Amounts received from the State of Arizona for workforce development in accordance with A.R.S. §15-1472	<u>1,821,520</u>		<u>16,533</u>	<u>1,804,987</u>
Total carryforward	<u>\$118,913,130</u>	<u>\$6,917,326</u>	<u>\$6,768,150</u>	<u>\$119,062,306</u>

