Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015

PimaCountyCommunityCollegeDistrict

Pima County Community College District
District Office

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015

Prepared by

District Finance Office
Budget and Reporting Department
4905D East Broadway Boulevard
Tucson, Arizona 85709-1220

Introductory Section

PimaCountyCommunityCollegeDistrict

District Office

Office of the Executive Vice Chancellor
for Finance and Administration
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December 15, 2015

The Governing Board of Pima County Community College District

We are pleased to provide you with the Comprehensive Annual Financial Report (CAFR) of the Pima County Community College District (the College), Tucson, Arizona for the fiscal year ended June 30, 2015.

To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position, results of operations and cash flows of the College. All disclosures necessary to enable the reader to gain an understanding of the College's financial activities have been included. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the College.

Please refer to the Management's Discussion and Analysis section beginning on page 15 for summary information and comparative financial information to the prior fiscal year.

Reporting Entity

The College is an independent reporting entity within the criteria established by generally accepted accounting principles (GAAP) and the Governmental Accounting Standards Board (GASB). Although the College shares the same geographic boundaries with Pima County (the County), the College solely exercises financial accountability over all activities related to public community college education in Pima County with the exception that Pima County assesses and collects property taxes that support the College. In accordance with GASB Statement Nos. 14 and 39, as amended by GASB 61, the financial reporting entity consists of a primary reporting entity and one component unit. The College is a primary government because it is a special purpose political subdivision that has a separately elected governing body, is legally separate, is fiscally independent of other state and local governments and is not included in any other governmental financial reporting entity. The Pima Community College Foundation, Incorporated (the Foundation) is considered a component unit of the College and is discretely presented in the College's financial statements in accordance with GASB Statement 39.

History

The voters of Pima County established Pima County Junior College District in 1966 under the provisions of legislation enacted by the Arizona State Legislature in 1960. The first governing board was elected in 1967 concurrent with the approval of a $5.9 million general obligation bond issue for the first College facilities. The name of the College was changed to Pima County Community College District in 1972.

Classes were first offered in the fall of 1970 utilizing temporary facilities until the original West Campus facility on Anklam Road west of Interstate 10 was available in January 1971. The West Campus is the largest comprehensive campus of the College and offers a variety of degree and certificate programs.

The Downtown Campus was opened in 1974 at Stone and Speedway to serve the central city area. The Downtown Campus offers a balance of developmental, university transfer and occupational courses.

Classes were first offered at the East Education Center in 1976. The current East Campus facility, just east of Davis-Monthan Air Force Base, was opened in 1981 and substantially expanded in 1989. The East Campus offers general education, university transfer and developmental coursework, as well as selected occupational programming.

The Education Center-South was opened in 1986 to serve the south and southwest area residents in leased space. It became the comprehensive Desert Vista Campus located in a facility near Interstate 19 and Valencia Road in June of 1993. The Desert Vista Campus offers a wide range of programs and diverse courses, including university transfer, developmental, general education and occupational courses.

The Community Campus was opened near St. Mary's Road and Interstate 10 in January of 1997. Community Campus credit and non-credit courses meet at more than 100 facilities throughout southern Arizona, including Davis-Monthan Air Force Base, Green Valley, and locations throughout the Tucson area. The Community Campus provides a wide range of courses developed to meet the diverse needs of the greater Tucson community, as defined by its residents and local businesses. Community Campus also provides workforce and business development training and is home to the College's Center for Learning Technology (CLT) that develops and maintains courses for PimaOnline, the College's distance education program.

In July 2003, the College opened the Northwest Campus located on Shannon Road between Ina and Magee. The Northwest Campus offers comprehensive educational programs including university transfer, professional, technical, and developmental programs and general interest courses.

The Foundation was incorporated in the State of Arizona in 1977 as a nonprofit organization to raise funds for the purpose of providing scholarships, grants and awards to deserving students and outstanding faculty, staff and administrators at the College.

Organization and Administration

The Governing Board of the College (the Governing Board) is comprised of five members. Each member is elected for a six-year term from one of the five Districts in Pima County, the College's service area. The administrative staff of the College, led by the Chancellor, is responsible for the operation and administration of all College functions. During fiscal year 2015, the College was led by Lee D. Lambert, J.D., who has been Chancellor of the College since July 1, 2013.

Service Area

Pima County (the County) is located in the southern portion of Arizona and encompasses an area of approximately 9,240 square miles, with a section of its boundary bordering Mexico. Over 50 percent of the County's population resides in Tucson, the County seat of government and southern Arizona's largest city. Organized in 1864 by the Arizona Territorial Legislature as one of the State's four original counties, the County is today the second most populous in Arizona with a total population of over one million people.

The City of Tucson is the economic and transportation center of the County, as well as southern Arizona. Tucson is situated on Interstate 10 connecting Tucson with Phoenix to the north, Los Angeles to the west and New Mexico and Texas to the east. Interstate 19 provides access to Nogales and Mexico to the south, while State Highway 86 connects with a direct route to the Gulf of California vacation areas. The main line of Union Pacific Railroad extends across Tucson to the eastern portion of the County. Tucson International Airport, located approximately 20 minutes from Tucson's downtown business area, provides local, regional, national, and international air service for several airlines.

The County's economy is based on a variety of service industries, as well as government employment (including public education), wholesale and retail trade, manufacturing, construction and tourism.

Economic Condition and Outlook

Forecasts made by the Economic & Business Research Center, Eller College of Management, The University of Arizona, indicate that Arizona's economic condition improved in 2015 but at a continued slow growth rate. While retail sales grew by 3.3 percent, it is a slight decrease from the 3.4 percent increase in 2014, signifying continued but modest growth. The growth rate in the state economy is anticipated to pick up speed in 2016 and 2017. During fiscal year 2016, the County's economy is projected to improve slightly in the areas of personal income, retail sales, and employment. In addition, statewide personal income is forecasted to increase by 4.6 percent and retail sales are forecasted to increase 3.7 percent in 2016.

Figures from the Arizona Department of Administration, Office of Employment and Population Statistics (ADOA), indicate that, Pima County's population is projected to increase by 1.4 percent from 2014 to 2015 and ADOA published forecasts show slight population gains of 1.5 percent and 1.6 percent projected for 2016 and 2017 respectively. As of June 30, 2015, 433,677 persons were employed in Pima County, up slightly from 419,636 in June of 2014. Employment trends showed that the County unemployment rate of 5.9 percent was slightly higher than the national rate of 5.3 percent at June 30, 2015. This unemployment rate has improved compared to the rate of 6.9 percent in 2014.

According to June 2015 data published by the Tucson Association of Realtors, housing unit sales volume increased by 14.2 percent and the average price of units sold increased by 3.7 percent producing an overall increase in the total dollar volume of housing sales of 18.4 percent. Historically, when economic conditions are improving, enrollment in community colleges decreases. The College experienced decreased enrollment of full-time student equivalents (FTSE) of 8.4 percent for fiscal year 2015 when compared to the previous fiscal year. FTSE for the fall 2015 term is currently down from the prior year by about 4.7 percent.

Long-term Financial Planning

The College has sufficient resources to support its mission, vision, goals, and values while striving to provide an affordable education to students by minimizing cost increases in order to keep tuition affordable for the residents of Pima County. The strategic planning and budgeting processes are among the core processes that facilitate linking budgeting, planning, assessment of student learning, and evaluation of operations. The result of the budget process is a system that serves as a blueprint to monitor and control ongoing operations, developed in a way that is aligned with the College's strategic priorities.

The College leverages a range of information during budget and strategic planning to ensure that it has sufficient resources available to support its planning and priorities in the short and long terms. For financial planning, this includes, but is not limited to, projected changes in revenues and expenses, a consideration of enrollment projections, expenditure limitation, state appropriations, property taxes, tuition and fees, capital project costs, estimated cost changes in employee benefits, and other major contractual costs. Using this data and adjusting such variables as projected enrollment, tuition and fees, and property tax revenues, the College can review and forecast different scenarios. This forecasting ensures that the budget planning process fully considers possible fluctuations in both revenue sources and projected expenses, and aligns projected revenue levels with the College's strategic planning and priorities. The annual budget is developed with particular emphasis on maintaining the financial stability of the College by setting aside adequate reserve levels for revenue shortfalls or unexpected expenditure needs without impairing the quality of service needed to respond to its customers.

In fiscal year 2015, the College budgeted to operate with reduced state aid and included additional funding to meet strategic initiatives. Areas targeted for additional funding included Accreditation, Office of Dispute Resolution, Veterans' Support, Enrollment Management, Developmental Education, International Development, Workforce Development, Assessment Office and Records Management.

Major Program Initiatives

Accreditation

On February 26, 2015, the Board of Trustees of the College's accreditor, the Higher Learning Commission (HLC), removed Pima Community College (PCC) from probation and placed it on Notice. Notice means that the College is in compliance with the HLC's Criteria for Accreditation, but is at risk of being out of compliance with the Criteria for Accreditation and the Core Components. The College remains fully accredited while on Notice which does not affect PCC's ability to offer financial aid to our students and there is no anticipated change in a student's ability to transfer courses. The College is working to address the HLC's remaining concerns. A Notice Report is due to the HLC no later than July 1, 2016 and the College will host a focused evaluation no later than September 2016 focused on validating the contents of the Notice Report and on the effectiveness and long-term viability of changes at the College. The College is confident that the issues HLC has identified have been addressed and that the College will be removed from "on Notice" status.

Additional information and documents are available on the College website:
https://www.pima.edu/about-pima/ accreditation/index.html.

Strategic Planning

The College's 2014-2017 Strategic Plan provides the overarching strategic direction for the institution. The associated campus and work-unit plans provide additional direction that is aligned with the overarching strategic directions in a process that links strategic planning to all aspects of the College, including budgeting, assessment of student learning and evaluation of operations. The district-wide Strategic Plan went into effect on July 1, 2014 and will guide the College as it strives to continuously improve service to students and the community. The high-level framework of the Strategic Plan includes these six initiatives:

1. Reaffirm HLC accreditation and fully commit to the HLC guiding values
2. Improve access and student success

3. Foster partnerships to strengthen educational opportunities in response to community needs
4. Improve responsiveness to the needs of business community and economic development opportunities
5. Increase diversity, inclusion, and global education
6. Develop a culture of organizational learning, employee accountability, and employee development

The Strategic Plan serves multiple, integrated functions. It represents the College's commitment to listening to the community and taking diverse viewpoints seriously. It allocates resources to further our mission and creates objective measures of our success in fulfilling the mission. It harmonizes operations, budgeting, student learning assessment, and other College processes. Importantly, the plan is flexible and can adapt to rapid changes in politics, economics, demographics, and technology. The Strategic Plan will be reviewed each year to ensure it remains relevant to the College and our community.

Fiscal Integrity and Oversight

Internal Controls

The College's District Finance Office is responsible for establishing and maintaining a system of internal controls. Internal controls are designed to ensure reasonable, but not absolute assurance that the assets of the College are protected from loss, theft or misuse and that adequate accounting data are compiled to allow for the preparation of financial statements that conform to generally accepted accounting principles. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from that control element and that the evaluation of costs and benefits requires estimate and judgments from management. All internal control evaluations occur within the above framework. The College's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The College's Internal Auditor periodically reviews and recommends improvements for internal controls in all operational and financial areas of the College. The Director of Internal Audit reports directly to the Vice Chancellor for Operations.

Budgetary Controls

The College maintains budgetary controls and budget transfer restrictions by program (function) and major account category. The objective of these budgetary controls is to ensure compliance with the annual budget adopted by the Governing Board. The legal level of budgetary control is at the program category level. The College also maintains an encumbrance system to set aside funds for established commitments. Open encumbrances are eliminated for fiscal year-end reporting.

The College complies with state statutes requiring that a report of the College's adopted budget be published annually within the prescribed format as required by the State of Arizona, Office of the Auditor General. The College was also required to comply with Arizona Revised Statutes § 15-1461.01 regarding Truth in Taxation because the levy that the District's Board of Governors approved, and the District subsequently assessed, included a 2 percent increase. This statute required the District to perform certain tasks including: publish a notice (in a form required by Statute) in a general circulation newspaper, or, mail a notice to registered voters in the district; issue a press release containing the truth in taxation notice to all general circulation newspapers in the district; and mail information regarding this process to the property tax oversight commission. The District fully complied with all requirements under this statute as it has for many years.

The College also demonstrates compliance with statutory expenditure limitations by issuing an annual budgeted expenditure limitation report, which is audited by the Office of the Auditor General.

College Functions

As a political subdivision of the State of Arizona, the College exercises direct tax levy authority for the generation of revenues for operating expenses, capital equipment, and debt retirement purposes. The Governing Board sets tuition and fee levels, as well as the budget and levy limit for the College.

Board of Governors Finance and Audit Committee

As part of the College's continued improvements in financial accountability and transparency, the College has created a Board of Governors Finance and Audit Committee. The Committee is structured to provide additional oversight and monitoring responsibilities for the College's financial, audit, and investment related performance, policies, and procedures. The Committee allows for better sharing of financial information with the Board of Governors and other constituencies including the public. The Finance and Audit Committee was created as a standing committee in compliance with Board Bylaws. The Committee is made up of two College Governing Board Members and five to eight community representatives who are professionally knowledgeable about finance, accounting, auditing, and/or investments.

Independent Audit

The Office of the Auditor General for the State of Arizona conducts the annual financial audit of the College's finances. Testing procedures determine whether the financial statements are free of material misstatement and ensure compliance with Arizona Revised Statutes that require an annual audit of the College's financial statements. The Auditor General's Independent Auditors' Report is included in this document. For the fiscal year ending June 30, 2015, the College received an unmodified opinion.

A local independent accounting firm conducts the annual financial audit for the Foundation. The Foundation also received an unmodified opinion for the fiscal year ending June 30, 2015.

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Pima County Community College District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2014. This was the twenty-third consecutive year that the College has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

We would like to express our appreciation for our Governing Board members and our Finance and Audit Committee members, who volunteer their time and expertise on a regular basis to guide the vision of the College. The mission of the College could not be achieved without the Chancellor's leadership. We would also like to express our appreciation to the Office of the Auditor General for the timely completion of the audit. The preparation of this report could not be accomplished without the efficient and dedicated efforts of the District Finance Office and all those who contributed to the preparation of this report.

Respectfully submitted,

David W. Bea, Ph.D.	Ina Lancaster
Executive Vice Chancellor for Finance and Administration	Director of Budget & Reporting

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Pima County

Community College District

Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

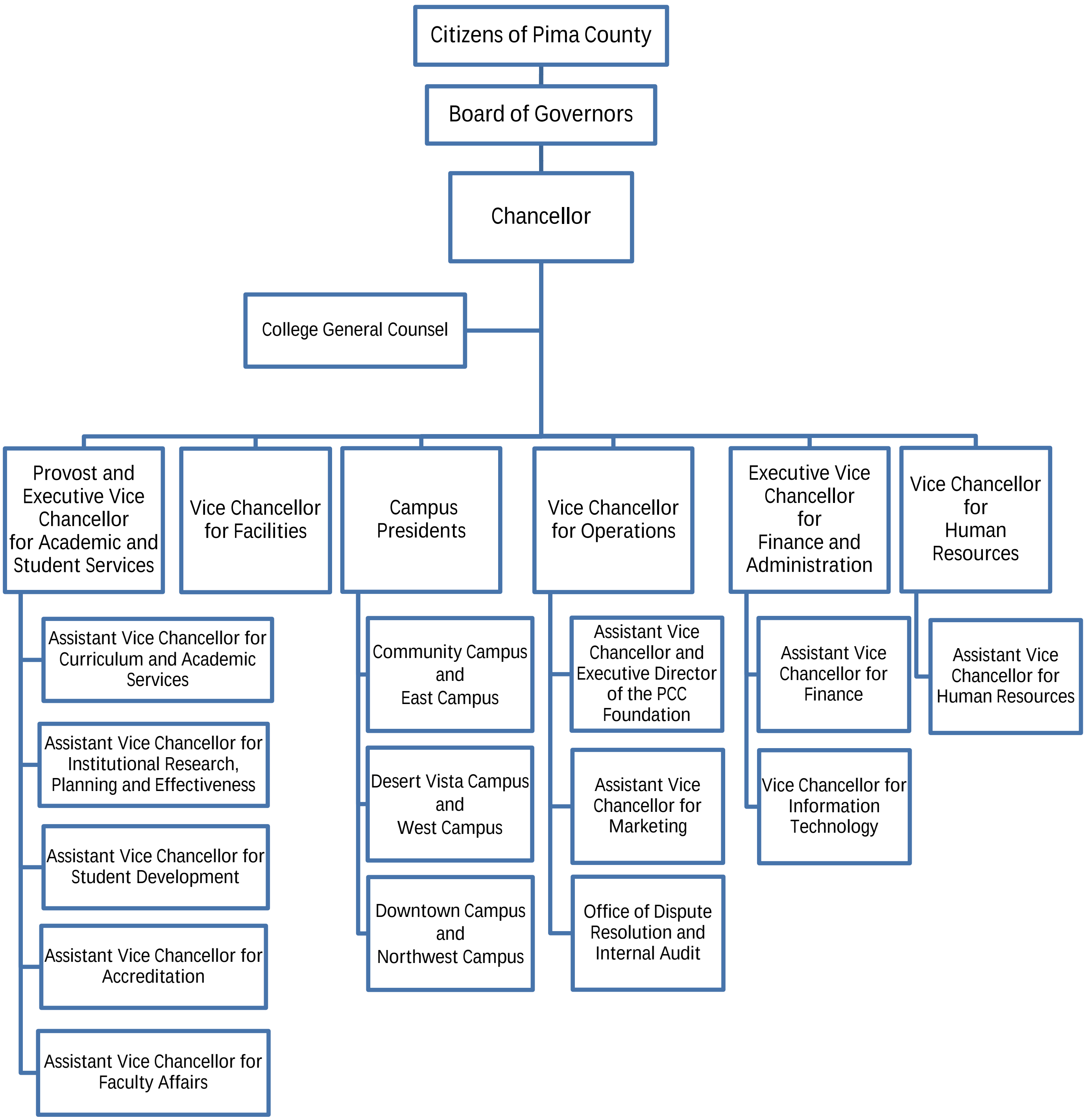
June 30, 2014

Jeffrey R. Emer

Executive Director/CEO

Organization Chart

PimaCountyCommunityCollegeDistrict



List of Principal Officers*

PimaCountyCommunityCollegeDistrict

Governing Board Members - 2015

Dr. Sylvia M. Lee, Chair, District 3
Mark Hanna, Secretary, District 1
Scott A. Stewart, Member, District 4
Martha Durkin, Member, District 5
Vacant, District 2

District Administration

Lee D. Lambert, J.D., Chancellor
Dr. Dolores M. Duran-Cerda, Provost and Executive Vice Chancellor for Academic and Student Services, Acting
Dr. David W. Bea, Executive Vice Chancellor for Finance and Administration
Daniel Berryman, Vice Chancellor for Human Resources
Dr. Stella A. Perez, Interim Vice Chancellor for Operations
William R. Ward II, Vice Chancellor for Facilities
Cynthia J. Dooling, Interim Vice Chancellor for Information Technology
Jeffrey Silvyn, College General Counsel
Dr. Nicola Richmond, Assistant Vice Chancellor for Institutional Research, Planning and Effectiveness
Dr. Karrie D. Mitchell, Assistant Vice Chancellor for Student Development
Julian Easter, Assistant Vice Chancellor for Curriculum and Academic Services
Bruce Moses, Assistant Vice Chancellor for Accreditation
Alison Colter-Mack, Assistant Vice Chancellor for Human Resources
Michael Finkelstein, Assistant Vice Chancellor and Executive Director of the PCC Foundation

Campus Presidents

Dr. Lorraine Morales, President, Community Campus and East Campus
Dr. Morgan A. Phillips, President, Desert Vista Campus and West Campus
Dr. David Doré, President, Downtown Campus and Northwest Campus

*as of October 30, 2015

College Vision, Mission and Values*

College Vision

PCC will be a premier community college committed to providing educational pathways that ensure student success and enhance the academic, economic and cultural vitality of our students and diverse community.

College Mission

PCC is an open admissions institution providing affordable, comprehensive educational opportunities that support student success and meet the diverse needs of its students and community.

College Values

To guide the College, these values characterize the way in which we accomplish our mission:

- **People:** We value our students, employees and the community members we serve, by making decisions that address the needs of those populations.
- **Integrity:** We make a commitment to academic honesty, personal ethics and institutional decision-making that is based on sound moral principles, accountability and transparency.
- **Excellence:** We embrace best practices and value high quality services and programs that lead to successful outcomes for our students through evidence-based continuous improvement practices.
- **Communication:** We are committed to sharing information with internal and external stakeholders in a transparent, timely and meaningful way that is open, honest and civil.
- **Collaboration:** We encourage teamwork and cooperation within the College and with the community to support student success.
- **Open Admissions and Open Access:** We value open admissions and access to our programs and services for all who may benefit from them, regardless of where they are starting from or what their final goal may be.

*as of December 10, 2015

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Pima County Community College District

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Governing Board of
Pima County Community College District

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of the Pima County Community College District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component unit were not audited by the other auditors in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Pima County Community College District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 1 to the financial statements, for the year ended June 30, 2015, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 15 through 20, Schedule of the College's Proportionate Share of the Net Pension Liability—Cost-Sharing Pension Plan on page 47, Schedule of Changes in the College's Net Pension Liability and Related Ratios—Agent Pension Plan on pages 48, Schedule of College Pension Contributions on page 49, and Schedule of Agent OPEB Plan's Funding Progress on page 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will issue our report on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters at a future date. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Debbie Davenport
Auditor General

December 15, 2015

Introduction

This section of the College's Comprehensive Annual Financial Report presents management's discussion and analysis of the College's financial activity for the fiscal year ended June 30, 2015. Please read it in conjunction with the transmittal letter on page 1, the financial statements on page 21 and the accompanying notes, which begin on page 26.

Basic Financial Statements

The College's annual financial statements are presented in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments," and Statement No. 35, "Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities." These statements allow public colleges and universities to use guidance for special-purpose governments, engaged only in business-type activities. Therefore, the presentation of financial activity and balances is in a consolidated, single-column, entity-wide format. The Foundation's activity is presented in a separate column for each statement, except for the *Statement of Cash Flows.*

The Statement of Net Position presents the financial position of the College as of June 30, 2015. It reflects the assets and deferred outflows owned or controlled by the College and the Foundation, the related liabilities, deferred inflows, and other obligations, and the categories of net position. Net position is an accounting concept defined as total assets and deferred outflows less total liabilities and deferred inflows. As such, it represents the residual of all other elements presented in the Statement of Net Position of the College.

The Statement of Revenues, Expenses and Changes in Net Position presents the results of operations for the College and Foundation for the fiscal year. It reflects the revenues and expenses, both operating and non-operating, and links the year's results of operations back to the *Statement of Net Position* by reconciling the beginning of the year net position amount to the end of the year net position amount.

The Statement of Cash Flows presents the inflows and outflows of cash and cash equivalents of the College for the fiscal year. Cash flows are segregated by type and activity into the following categories: operating activities, noncapital financing activities, capital and related financing activities, and investing activities. Cash flows from operating activities are reconciled to operating income/loss on the *Statement of Revenues, Expenses and Changes in Net Position* described above.

The focus of this report is on the College's overall financial position, financial condition, and results of operations and cash flows for the fiscal year ended June 30, 2015. Comparative information from the previous fiscal year is shown in the condensed financial information so that readers may see where the College's financial performance may have changed.

Financial Highlights and Analysis

Statement of Net Position

The College's overall financial position declined in fiscal year 2015 with a total net position decrease of \$139.2 million from \$207.2 million to \$67.9 million. The majority of the decrease, \$131.6 million, was due to the restatement of the beginning net position. The restatement was required by a change in accounting principle related to pensions with the implementation of GASB Statement No. 68, *Accounting and*

Financial Reporting for Pensions, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* Additional information is available in Note 2 to the basic financial statements.

An additional $5.1 million decrease in net position is due to the reporting of deferred outflows and inflows of resources related to the pensions. Additional information is available in Note 6 to the basic financial statements.

Statement of Revenues, Expenses and Changes in Net Position

Compared to the prior year, total revenues decreased by $1.2 million, while total expenses decreased by $1.6 million. As a result of enrollment declines of 8.4 percent, net tuition and fees revenue decreased $2.2 million. Increased property tax revenue of $1.9 million was offset by a decrease in federal grants of $1.8 million. Property tax revenue rose due to an increase of 2 percent in the primary property tax levy and another 2 percent in growth due to new properties added to the tax roll. The decrease in federal grant revenue included a $2.6 million decrease in Pell grants due to the decrease in enrollment. The decrease was offset slightly by increases for a few federal grants including Adult Education and Title V.

Contract revenues increased by $1 million in part due to two new contracts. The *SEP-Bécalos-Santander Universidades International Program* supported students who attended the College's West and Downtown campuses in fall 2014. The College is one of only six community colleges in the U.S. to receive the program's students for this semester. The second new agreement allows the College's Public Safety and Emergency Services Institute to provide training to members of the U. S. Air Force to become paramedics. The College's paramedic program is the first in Arizona to receive accreditation from the nationally recognized Commission on Accreditation of Allied Health Education Programs.

The $1.6 million decrease in expenses included a $4.5 million decrease in institutional support and operation and maintenance of plant. Given decreasing enrollment, the College made a concerted effort to reduce expenses during the year to ensure compliance with state expenditure limitations. Specifically, purchases for computer and information technology equipment were delayed. In addition, several renovations and facilities improvements were postponed. Student financial aid decreased by $1.8 million due to decreased Pell grant expenses that were also a result of decreasing enrollment.

Academic support and student services had increased expenses. These increases were related to specific strategic goals and priorities of the College. Positions were added or moved to academic support in the areas of developmental education, workforce development, and nursing administration, increasing salary expenses by $1.1 million. Student services added positions in financial aid and veterans' services, increasing salary expenses by $1.1 million. In addition, marketing expenses were increased by $0.5 million to stimulate recruitment and enrollment efforts. The College also ended its participation in the Federal Perkins Loan Program this year. This increased the cancellation expense by $0.6 million, and the College refunded $0.9 million to the Federal government.

Capital Assets and Debt Administration

Total net capital assets decreased by $5.0 million, to $111.0 million, a 4.3 percent decrease from the prior year. This decrease is primarily due to depreciation expense of $8.4 million exceeding capital asset additions of $3.4 million. In the prior fiscal year, capital asset additions exceeded depreciation expense primarily due to the completion of a new building on the Northwest Campus. Note 4 to the basic financial statements, on page 30, includes additional information on capital asset activity and descriptions of the asset categories.

At June 30, 2015, the College had no outstanding debt.

Note 5 to the basic financial statements beginning on page 31 shows additional detail on long-term liabilities.

Economic Outlook

For the year ended June 30, 2015, the economic conditions in Pima County improved slightly while demand for College services from the community decreased. In fiscal year 2015, full-time student equivalent enrollment (FTSE) decreased by 1,505 or 8.4 percent when compared to the previous year. Enrollment has continued to decrease in fiscal year 2016. The College has identified enrollment management as a strategic priority.

The State of Arizona eliminated all state aid to the College for fiscal year 2016 decreasing expected revenue by $7.1 million. Increased growth from new property and an increased primary tax rate from 1.3344 to 1.3689 for fiscal year 2016 will increase the primary property tax levy from $100.3 million to $104.3 million. In-state tuition was increased for fiscal year 2016 by $5.00 from $70.50 to $75.50 per credit hour.

The College continues to monitor external economic changes and their impacts on the College and make prudent fiscal decisions to support the College's mission, vision, values, goals, and College's Strategic Plan.

Requests for Information

This discussion and analysis is designed to present a general overview of the Pima County Community College District's finances for all those who have an interest in such matters. Questions concerning any of the information provided in this Comprehensive Annual Financial Report or requests for additional financial information should be addressed to the District Finance Office, Pima County Community College District, 4905 East Broadway Boulevard, Building D, Tucson, AZ, 85709-1200.

Condensed Financial Information

Summarized Schedule of Net Position

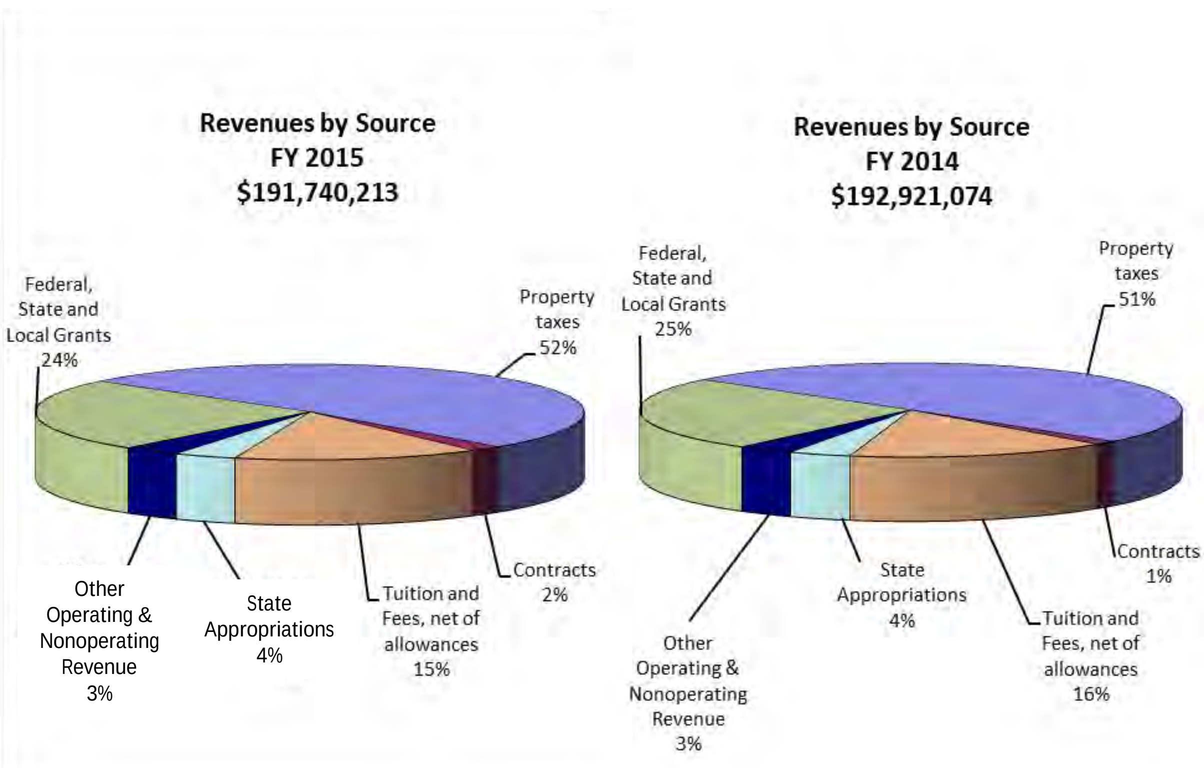
	As of June 30, 2015	As of June 30, 2014	% Change
Assets			
Current Assets	$ 80,738,564	$ 78,568,212	2.8%
Noncurrent Assets – Restricted	123,102	1,766,661	-93.0%
Capital Assets, net	111,016,873	116,017,978	-4.3%
Other Noncurrent Assets	30,587,854	30,905,448	-1.0%
Total Assets	**222,466,393**	**227,258,299**	**-2.1%**
Deferred Outflows of Resources			
Deferred Outflows Related to Pensions	16,340,337		100.0%
Total Deferred Outflows of Resources	**16,340,337**		**100.0%**
Liabilities			
Other Liabilities	19,096,947	16,479,434	15.9%
Long-term Liabilities			
Compensated Absences	3,552,922	3,551,926	0.0%
Net Pension Liability	126,727,908		100.0%
Total Liabilities	**149,377,777**	**20,031,360**	**645.7%**
Deferred Inflows of Resources			
Deferred Inflows Related to Pensions	21,443,008		100.0%
Total Deferred Inflows of Resources	**21,443,008**		**100.0%**
Net Position			
Net Investment in Capital Assets	111,016,873	116,017,978	-4.3%
Restricted Net Position	8,869,962	10,665,356	-16.8%
Unrestricted Net Position	(51,900,890)	80,543,605	-164.4%
Total Net Position	**$67,985,945**	**$207,226,939**	**-67.2%**

Summarized Schedule of Revenues, Expenses and Changes in Net Position

	For the year ended June 30, 2015	For the year ended June 30, 2014	% Change
Operating Revenues			
Tuition and Fees (net of allowances)	$ 27,860,572	$ 30,092,480	-7.4%
Contracts	3,614,371	2,565,513	40.9%
Other Operating Revenues	2,745,821	2,813,259	-2.4%
Total Operating Revenues	**34,220,764**	**35,471,252**	**-3.5%**
Total Operating Expenses	**199,355,899**	**200,585,784**	**-0.6%**
Operating Loss	**(165,135,135)**	**(165,114,532)**	**0.0%**
Nonoperating Revenues (Expenses)			
Property Taxes	99,464,621	97,523,572	2.0%
State Appropriations	7,093,500	7,136,600	-0.6%
Federal Grants	45,616,708	47,429,534	-3.8%
State and Local Grants	1,573,775	1,666,184	-5.5%
Investment Income	489,706	545,906	-10.3%
Other Nonoperating Revenues	3,144,798	3,117,353	0.9%
Interest on Capital Asset-Related Debt		(67,750)	-100.0%
Loss on Capital Asset Disposal	(24,101)	(266,394)	-91.0%
Other Nonoperating Expenses		(24,900)	-100.0%
Net Nonoperating Revenues	**157,359,007**	**157,060,105**	**0.2%**
Deficit before Gifts and Grants	**(7,776,128)**	**(8,054,427)**	**-3.5%**
Capital Gifts and Grants	136,341	30,673	344.5%
Decrease in Net Position	**(7,639,787)**	**(8,023,754)**	**-4.8%**
Net Position, as restated beginning of year	**75,625,732**	**215,250,693**	**-64.9%**
Net Position, end of year	**$67,985,945**	**$207,226,939**	**-67.2%**

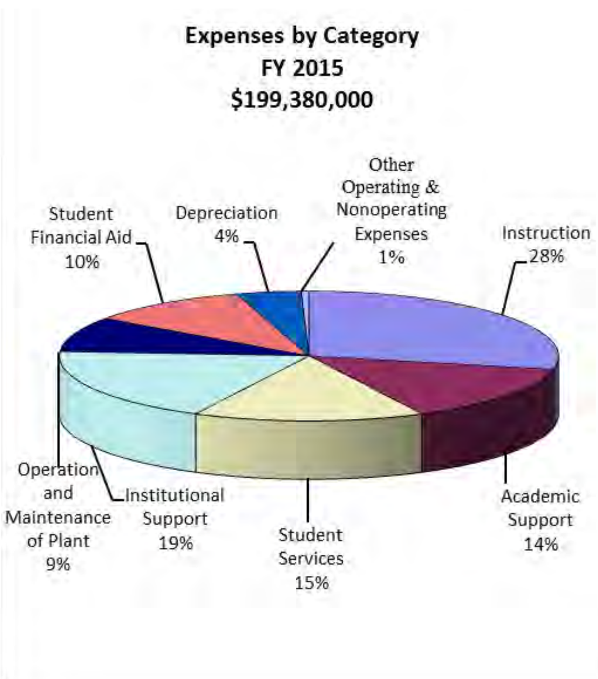
Revenues by Source

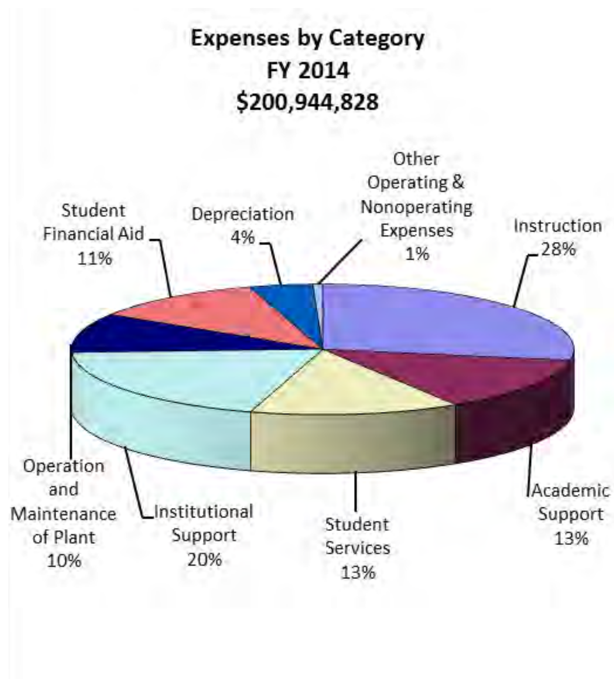
	FY 2015	FY 2014	$ Change	% Change
Operating Revenues				
Tuition and Fees (net of allowances)	$ 27,860,572	$ 30,092,480	($2,231,908)	-7.4%
Contracts	3,614,371	2,565,513	1,048,858	40.9%
Commissions and Rents	1,608,709	1,613,283	(4,574)	-0.3%
Other Operating Revenues	1,137,112	1,199,976	(62,864)	-5.2%
Total Operating Revenues	**34,220,764**	**35,471,252**	**(1,250,488)**	**-3.5%**
Nonoperating Revenues				
Property Taxes	99,464,621	97,523,572	1,941,049	2.0%
State Appropriations	7,093,500	7,136,600	(43,100)	-0.6%
Federal Grants	45,616,708	47,429,534	(1,812,826)	-3.8%
State and Local Grants	1,573,775	1,666,184	(92,409)	-5.5%
Share of State Sales Tax	2,331,857	2,256,268	75,589	3.4%
Gifts	802,841	861,085	(58,244)	-6.8%
Investment Income	489,706	545,906	(56,200)	-10.3%
Other Nonoperating Revenues	10,100		10,100	100.0%
Total Nonoperating Revenues	**157,383,108**	**157,419,149**	**(36,041)**	**0.0%**
Capital Gifts and Grants	136,341	30,673	105,668	344.5%
Total Revenues	**$ 191,740,213**	**$ 192,921,074**	**($1,180,861)**	**-0.6%**



Expenses by Category

	FY 2015	FY 2014	$ Change	% Change
Operating Expenses				
Educational and General				
Instruction	$ 56,521,328	$ 55,712,283	$ 809,045	1.5%
Academic Support	28,307,683	26,968,277	1,339,406	5.0%
Student Services	29,761,778	27,093,085	2,668,693	9.9%
Institutional Support	36,990,188	39,336,193	(2,346,005)	-6.0%
Operation and Maintenance of Plant	17,474,890	19,593,974	(2,119,084)	-10.8%
Student Financial Aid	20,923,754	22,739,712	(1,815,958)	-8.0%
Auxiliary Enterprises	972,572	917,261	55,311	6.0%
Depreciation	8,403,706	8,224,999	178,707	2.2%
Total Operating Expenses	**199,355,899**	**200,585,784**	**(1,229,885)**	**-0.6%**
Nonoperating Expenses				
Interest on Capital Asset-Related Debt		67,750	(67,750)	-100.0%
Loss on Capital Asset Disposal	24,101	266,394	(242,293)	-91.0%
Other Nonoperating Expenses		24,900	(24,900)	-100.0%
Total Nonoperating Expenses	**24,101**	**359,044**	**(334,943)**	**-93.3%**
Total Expenses	**$ 199,380,000**	**$ 200,944,828**	**($1,564,828)**	**-0.8%**





Basic Financial Statements

Statement of Net Position
As of June 30, 2015

	Primary Government College	Component Unit Foundation
Assets		
Current Assets		
Cash and Cash Equivalents	$ 39,911,175	$ 1,221,906
Short-term Investments	25,068,822	
Receivables		
Property Taxes (less allowance of $1,302,400)	4,382,320	
Accounts (less allowance of $1,827,903)	3,312,854	
Government Grants and Contracts	3,182,799	
Other (less allowance of $157,908)	3,021,839	2,082
Inventories	132,387	
Prepaid Expenses	1,726,368	49,346
Total Current Assets	**80,738,564**	**1,273,334**
Noncurrent Assets		
Restricted Cash and Cash Equivalents	123,102	
Other Long-term Investments	30,587,854	7,224,913
Capital Assets		
Land and Improvements	15,291,311	
Buildings and Improvements (net of depreciation)	86,409,419	
Equipment (net of depreciation)	5,949,264	
Leasehold Improvements (net of depreciation)	1,552,756	
Library Books (net of depreciation)	1,814,123	
Total Noncurrent Assets	**141,727,829**	**7,224,913**
Total Assets	**222,466,393**	**8,498,247**
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	16,340,337	
Total Deferred Outflows of Resources	**16,340,337**	
Liabilities		
Current Liabilities		
Accrued Payroll and Employee Benefits	6,802,748	
Accounts Payable and Accrued Liabilities	4,911,402	458,034
Deposits Held in Custody for Others	416,827	606,353
Unearned Revenue	2,471,440	
Current Portion of Long-term Liabilities, Compensated Absences	4,494,530	
Total Current Liabilities	**19,096,947**	**1,064,387**
Noncurrent Liabilities		
Long-term Liabilities		
Compensated Absences	3,552,922	
Net Pension Liability	126,727,908	
Total Noncurrent Liabilities	**130,280,830**	
Total Liabilities	**149,377,777**	**1,064,387**
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions	21,443,008	
Total Deferred Inflows of Resources	**21,443,008**	
Net Position		
Net Investment in Capital Assets	111,016,873	
Restricted for:		
Expendable:		
Debt Service	4,342,754	
Grants and Contracts	4,309,809	
Scholarships and Other Programs		2,199,679
Nonexpendable:		
Perkins Loans	217,399	
Permanently Restricted Endowment		4,961,782
Unrestricted	(51,900,890)	272,399
Total Net Position	**$67,985,945**	**$7,433,860**

See accompanying notes to financial statements

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015

	Primary Government College	Component Unit Foundation
Operating Revenues		
Tuition and Fees (net of scholarship allowances of $16,302,839)	$ 27,860,572	
Contracts	3,614,371	
Commissions and Rents	1,608,709	
Other Operating Revenues	1,137,112	$ 1,235,566
Total Operating Revenues	**34,220,764**	**1,235,566**
Operating Expenses		
Educational and General		
Instruction	56,521,328	
Academic Support	28,307,683	
Student Services	29,761,778	
Institutional Support	36,990,188	946,789
Operation and Maintenance of Plant	17,474,890	
Student Financial Aid	20,923,754	421,480
Auxiliary Enterprises	972,572	
Depreciation	8,403,706	
Total Operating Expenses	**199,355,899**	**1,368,269**
Operating Loss	**(165,135,135)**	**(132,703)**
Nonoperating Revenues (Expenses)		
Property Taxes	99,464,621	
State Appropriations	7,093,500	
Federal Grants	45,616,708	
State and Local Grants	1,573,775	
Share of State Sales Tax	2,331,857	
Gifts	802,841	124,938
Investment Income (Loss)	489,706	(19,016)
Other Nonoperating Revenue (Expenses), net	10,100	(100,000)
Loss on Capital Asset Disposal	(24,101)	
Net Nonoperating Revenues	**157,359,007**	**5,922**
Loss Before Other Revenues, Expenses, Gains, or Losses	(7,776,128)	(126,781)
Capital Gifts and Grants	136,341	
Decrease in Net Position	**(7,639,787)**	**(126,781)**
Net Position		
Net Position - as restated, July 1, 2014	75,625,732	7,560,641
Net Position, June 30, 2015	**$67,985,945**	**$7,433,860**

See accompanying notes to financial statements

Statement of Cash Flows
For the Year Ended June 30, 2015

	Primary Government College
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees	$ 27,775,548
Contracts	3,614,371
Commissions and Rents	1,528,588
Collection of Loans to Students	542,712
Payments to Suppliers and Providers of Goods and Services	(40,120,463)
Payments for Employee Wages and Benefits	(127,054,322)
Payments for Scholarships	(20,923,754)
Other Payments	(320,905)
Net Cash Used for Operating Activities	**(154,958,225)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property Taxes	99,536,401
State Appropriations	7,093,500
Grants	46,596,469
Share of State Sales Tax	2,331,857
Direct Loans Received	12,532,992
Direct Loans Disbursed	(12,538,701)
Deposits Held in Custody for Others Received	609,282
Deposits Held in Custody for Others Disbursed	(595,407)
Gifts	802,841
Net Cash Provided by Noncapital Financing Activities	**156,369,234**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of Capital Assets	(3,290,360)
Net Cash Used for Capital and Related Financing Activities	**(3,290,360)**
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	9,857,399
Interest Received on Investments	489,706
Net Cash Provided by Investing Activities	**10,347,105**
Net Increase in Cash and Cash Equivalents	8,467,754
Cash and Cash Equivalents - July 1, 2014	31,566,523
Cash and Cash Equivalents - June 30, 2015	**$ 40,034,277**

See accompanying notes to financial statements

(Continued)

Statement of Cash Flows
For the Year Ended June 30, 2015

	Primary Government College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES	
Operating Loss	$ (165,135,135)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation Expense	8,403,706
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:	
Increase in Receivables, Net	(1,265,202)
Increase in Inventories	(9,250)
Decrease in Prepaid Expenses	132,354
Increase in Deferred Outflows of Resources Related to Pensions	(8,034,850)
Increase in Accrued Payroll and Employee Benefits	1,245,576
Increase in Accounts Payable and Accrued Liabilities	849,657
Increase in Unearned Revenue	391,607
Increase in Long-term Liabilities (Compensated Absences Portion)	199,090
Decrease in Net Pension Liability	(13,178,786)
Increase in Deferred Inflows of Resources Related to Pensions	21,443,008
Net Cash Used for Operating Activities	**$ (154,958,225)**

Non-cash Transactions Not Included in Above Statement:	
Net loss on disposal of capital assets with an original cost of $1,472,016 accumulated depreciation of $1,447,915	$ (24,101)
Donated Capital Assets	136,341

See accompanying notes to financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Pima County Community College District (the College) conform to generally accepted accounting principles (GAAP) applicable to public institutions engaged only in business-type activities adopted by the Governmental Accounting Standards Board (GASB). For the year ended June 30, 2015, the College implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* and GASB Statement No. 69, *Government Combinations and Disposals of Governmental Operations*. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits. GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The implementation of GASB Statement No. 69 had no impact on the College's fiscal year 2015 financial statements and therefore no additional note disclosures were required.

Reporting Entity:
The College is a special-purpose government that is governed by a separately elected governing body. It is legally separate and is fiscally independent of other state and local governments. The College has one discretely presented component unit, the Pima Community College Foundation, Inc. (the Foundation).

The Foundation is reported in a separate column in the financial statements to emphasize that it is legally separate from the College. The Foundation's cash flows are not presented because that information is not required by generally accepted accounting principles for public colleges. The Foundation financial statements are prepared in accordance with Financial Accounting Standards Board. The Foundation was formed in 1977 as a nonprofit corporation controlled by a separate Board of Directors and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation is dedicated to supporting the College by securing private philanthropic support for scholarships, programs and other College needs, managing assets to ensure the best financial returns, and facilitating College development activities. Because the resources held by the Foundation can only be used by, or for the benefit of the College, the Foundation is considered a component unit of the College. During the year ended June 30, 2015, the Foundation distributed $114,454 of in-kind gifts, and $465,022 in scholarships for these purposes. Additionally, the College provided salary and employee related expenses to the Foundation totaling $445,668. Notes to the financial statements for the Foundation are included in Note 9. Complete financial statements can be obtained from the Foundation Office at 4905C East Broadway Boulevard, Tucson, AZ 85709-1320.

Basis of Presentation and Accounting:
The financial statements include the following:

A. *Statement of Net Position:* provides information about the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the College at the end of the year. Assets and liabilities are classified as either current or noncurrent. Net Position is classified into three broad categories: unrestricted, restricted, and net investment in capital assets.

B. *Statement of Revenues, Expenses and Changes in Net Position:* provides information about the College's financial activities during the year. Revenues and expenses are classified as either operating or nonoperating and all changes in net position are reported, including capital contributions.

C. *Statement of Cash Flows:* provides information about the College's sources and uses of cash and cash equivalents during the year. Increases and decreases in cash and cash equivalents are classified as operating, noncapital financing, capital and related financing, or investing.

The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. The College eliminates all internal activity.

Operating revenues generally result from exchange transactions. Accordingly, revenues such as tuition and instructional contracts are considered operating revenues. Other revenues, such as property taxes, state appropriations and government grants are not generated from exchange transactions and are therefore classified as nonoperating revenues. Federal, state and local grants are classified as nonoperating revenues because the entity providing the grant generally does not receive any direct benefit from the services provided under the grants. Property taxes are recognized in the year they are levied. State appropriations are recognized as revenue in the year the appropriation is first made available for use. Grants and donations are recognized as revenue when all eligibility requirements imposed by the provider have been met.

Operating expenses are costs incurred to provide instructional services including support costs, auxiliary services, and depreciation of capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

It is the College's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

Cash and Investments:
For the Statement of Cash Flows, cash and cash equivalents consist of cash on hand, demand deposits, cash and investments held by the County Treasurer, investments in the State Treasurer's Local Government Investment Pool (LGIP), and highly liquid investments. All investments are stated at fair value at fiscal year-end.

Inventories:
The physical plant inventories are valued at cost or estimated cost by specific identification.

Capital Assets:
Capital assets are recorded at cost at the date of acquisition. Donated capital assets are reported at estimated fair value at the date of donation. All capital assets with a cost of $5,000 or more are capitalized. Interest expense incurred during the construction phase of the College's facilities is capitalized as a cost of plant assets in accordance with generally accepted accounting principles. Assets (except land and improvements and construction in progress) are depreciated using the straight-line method over their estimated useful lives. For purposes of calculating depreciation, buildings and improvements are assigned useful lives of 5 to 40 years, equipment is assigned useful lives of 5 to 7 years, and library books are assigned useful lives of 10 years. Leasehold improvements are depreciated over the lease period.

Deferred Outflows and Inflows of Resources:
The statement of net position includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense in future periods. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will be recognized as a revenue in future periods.

Pensions:
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Investment Income:
Investment income is comprised of interest, dividends, and net changes in the fair value of applicable investments.

Compensated Absences:
Compensated absences payable consists of annual leave and a calculated amount of sick leave earned by employees based on services already rendered.

Employees may accumulate up to 336 hours of annual leave depending on years of service and employee group classification. Annual leave is accumulated by each employee on a prorated basis, every two weeks. Annual leave balances are accrued as a liability on the financial statements due to the fact that they are paid to the employee upon separation from the College.

Sick leave, providing for ordinary sick pay, is cumulative (up to 1,440 hours) and vests after 10 years of continuous service for regular full-time employees who retire from the College under the provisions of either the Arizona State Retirement System or the Public Safety Personnel Retirement System. Vested sick leave is payable to College employees upon retirement at a rate of seventy-five percent of the employee's then current rate of pay to a maximum of $100 per day, for a maximum of 100 days. Vested sick leave benefits and a portion of unvested sick leave benefits that are expected to vest in the future are accrued as a liability on the financial statements.

The College also provides a death benefit to employees hired on or after July 1, 1999 who separate from the College due to death. This benefit is paid at seventy-five percent of the employee's then current daily rate of pay for all accumulated sick leave limited to a maximum of $100 per day, for a maximum of 100 days. This death benefit is included in the sick leave liability discussed above.

Scholarship Allowances:
A scholarship allowance is the difference between the stated charge for goods and services provided by the College and the amount that is paid by the student or third parties making payments on behalf of the student. Accordingly, some types of student financial aid such as Pell grants and scholarships awarded by the College are considered to be scholarship allowances. These allowances are netted against tuition and fees revenues in the Statement of Revenues, Expenses and Changes in Net Position.

2. CHANGE IN ACCOUNTING PRINCIPLE

Net position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

	Primary Government
Net Position as previously reported at June 30, 2014	$ 207,226,939
Prior period adjustment–implementation of GASB 68:	
Net pension liability (measurement date as of June 30, 2013)	(139,906,694)
Deferred outflows—college contributions made during fiscal year 2014	8,305,487
Total prior period adjustment	(131,601,207)
Net position as restated, July 1, 2014	$ 75,625,732

3. DEPOSITS AND INVESTMENTS

Arizona Revised Statutes (A.R.S.) requires the College to deposit special tax levies for the College's maintenance or capital outlay with the County Treasurer. A.R.S. does not require the College to deposit other public monies in its custody with the County Treasurer; however, the College must act as a prudent person dealing with another's property when making investment decisions about those monies. A.R.S. requires collateral for deposits at 102 percent of all deposits not covered by federal depository insurance. A.R.S. does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the College's investments.

Deposits:
At June 30, 2015, the College's total cash on hand was $34,850. The carrying amount of the College's deposits was $29,709,217 and the bank balance was $30,325,280. The College does not have a formal policy regarding custodial credit risk for deposits. As of June 30, 2015, $63,018 of the bank balance was exposed to custodial credit risk as uninsured and uncollateralized.

Investments:
The State Board of Investment provides oversight for the State Treasurer's pools. The fair value of a participant's position in the pool approximates the value of that participant's pool shares and the participant's shares are not identified with specific investments. No comparable oversight is provided for the County Treasurer's investment pool, and that pool's structure does not provide for shares. The College's investments at June 30, 2015, consist of the following:

Investment Type	Fair Value
State Treasurer's investment pool #5	$ 9,652,728
County Treasurer's investment pool	637,482
US Treasury	12,596,976
US Agency Securities	43,059,700
Total Investments	**$ 65,946,886**

Credit Risk:
Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The College does not have a formal policy regarding credit risk. Following is a summary of the College's investments subject to credit risk and credit ratings as determined by Standard and Poor's (S&P) rating agency as of June 30, 2015:

Investment Type	Rating	Rating Agency	Fair Value
State Treasurer's investment pool #5	AAAF/S1+	S&P	$ 9,652,728
County Treasurer's investment pool	Unrated	N/A	637,482
US Agency Securities	Unrated	N/A	26,376,714
US Agency Securities	AAA	S&P	277,123
US Agency Securities	AA+	S&P	16,382,293
Total Investments Subject to Credit Risk			**$ 53,326,340**

Concentration of Credit Risk:
The College's investment policy limits the maximum investment percentage in any one security and in any one issuer to 5% with the exception of investments or collateralized investments that are implicitly or explicitly guaranteed by the United States. The College had investments at June 30, 2015, of 5% or more in Federal National Mortgage Association (FNMA), Federal Home Loan Banks (FHLB) and Federal Home Loan Mortgage Corporation (FHLMC). These investments were 31.92%, 27.04% and 15.13%, respectively, of the College's total investments.

Interest Rate Risk:
Interest rate risk is the risk that changes in interest rates will adversely affect an investment's value. The College does not have a formal policy regarding interest rate risk. At June 30, 2015, the College had the following investments in debt securities:

	Maturities				
Investment Type	**Less than 1 Year**	**1-5 Years**	**6-10 Years**	**More than 10 Years**	**Fair Value**
State Treasurer's investment pool #5	$ 9,652,728				$ 9,652,728
County Treasurer's investment pool	637,482				637,482
US Treasury	3,812,564	8,784,412			12,596,976
US Agency Securities	28,180,197	14,743,368	60,841	75,294	43,059,700
Total Investments Subject to Interest Rate Risk	**$ 42,282,971**	**$ 23,527,780**	**$ 60,841**	**$ 75,294**	**$ 65,946,886**

4. CAPITAL ASSETS

The College's capital asset activity for the year ended June 30, 2015, is detailed below.

Description	Balance 7/1/2014	Increases	Decreases	Balance 6/30/2015
Land and improvements	$ 15,291,311			$ 15,291,311
Depreciable assets				
Buildings and improvements	189,670,381	$ 277,535		189,947,916
Equipment	25,908,484	2,755,630	$ 921,757	27,742,357
Leasehold improvements	3,260,062			3,260,062
Library books	7,322,133	393,537	550,259	7,165,411
Total capital assets	**241,452,371**	**3,426,702**	**1,472,016**	**243,407,057**
Less accumulated depreciation:				
Buildings and improvements	98,119,866	5,418,631		103,538,497
Equipment	20,241,560	2,449,189	897,656	21,793,093
Leasehold improvements	1,588,406	118,900		1,707,306
Library books	5,484,561	416,986	550,259	5,351,288
Total accumulated depreciation	**125,434,393**	**8,403,706**	**1,447,915**	**132,390,184**
Capital assets, net	**$ 116,017,978**	**$ (4,977,004)**	**$ 24,101**	**$ 111,016,873**

5. LONG-TERM LIABILITIES

The following schedule details the College's long-term liability and obligation activity for the year ended June 30, 2015:

Description	Balance 7/1/2014	Additions	Reductions	Balance 6/30/2015	Due Within One Year
Compensated absences	$ 7,848,363	$ 5,375,754	$ 5,176,665	$ 8,047,452	$ 4,494,530
Net Pension Liability*	139,906,694	16,569,709	29,748,495	126,727,908	$ -
Total long-term liabilities	**$ 147,755,057**	**$ 21,945,463**	**$ 34,925,160**	**$ 134,775,360**	**$ 4,494,530**

* The 7/1/2014 amount was restated due to the implementation of GASB Statement Nos. 68 and 71.

6. PENSION AND OTHER POSTEMPLOYMENT BENEFITS

The College contributes to the two defined benefit retirement plans described below: the Arizona State Retirement System (ASRS) and the Public Safety Personnel Retirement System (PSPRS). At June 30, 2015, the College reported the following aggregate amounts related to pensions for the two plans:

Net pension liabilities	$126,727,908
Deferred outflows of resources	16,340,337
Deferred inflows of resources	21,443,008
Pension expense	8,948,748

A. Arizona State Retirement System

Plan Description:
College employees, other than police, participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS is a component unit of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its web site at www.azasrs.gov.

Benefits provided:
The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement Initial membership date:	
	Before July 1, 2011	**On or after July 1, 2011**
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50* any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* any years age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*With actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Contributions:
In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2015, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.6 percent (11.48 percent for retirement

and 0.12 percent for long-term disability) of the members' annual covered payroll, and the College was required by statute to contribute at the actuarially determined rate of 11.6 percent (10.89 percent for retirement, 0.59 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll. In addition, the College was required by statute to contribute at the actuarially determined rate of 9.57 percent (9.31 percent for retirement, 0.20 percent for health insurance premium benefit and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked for the College in positions that would typically be filled by an employee who contributes to the ASRS. The College's contributions to the pension plan for the year ended June 30, 2015, were $8,288,807.

The College's contributions for the current and two preceding fiscal years for OPEB, all of which were equal to the required contributions, were as follows:

Years ended June 30	Health Benefit Supplement Fund	Long - Term Disability Fund	Totals
2015	$ 447,023	$ 91,030	$ 538,053
2014	440,037	175,768	615,805
2013	470,116	174,985	645,101

Pension liability:

At June 30, 2015, the College reported a liability of $121,480,198 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The College's proportion of the net pension liability was based on the College's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2014. The College's proportion measured as of June 30, 2014, was 0.821001 percent, which was an increase of 0.002083 from its proportion measured as of June 30, 2013.

Pension expense and deferred outflows/inflows of resources:

For the year ended June 30, 2015, the College recognized pension expense for ASRS of $8,095,370. At June 30, 2015, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 6,173,979	
Net difference between projected and actual earnings on pension plan investments		$ 21,243,136
Changes in proportion and differences between college contributions and proportionate share of contributions	233,068	
College contributions subsequent to the measurement date	8,288,807	
Total	**$ 14,695,854**	**$ 21,243,136**

The $8,288,807 reported as deferred outflows of resources related to ASRS pensions resulting from college contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year ending June 30		
2016	$	(2,525,111)
2017		(2,525,111)
2018		(4,475,082)
2019		(5,310,785)

Actuarial assumptions:
The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2013
Actuarial roll forward date	June 30, 2014
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3–6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	63%	7.03%
Fixed income	25%	3.20%
Real estate	8%	4.75%
Commodities	4%	4.50%
Total	100%	

Discount rate:
The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the

actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the College's proportionate share of the ASRS net pension liability to changes in the discount rate:
The following table presents the College's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate:

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
College's proportionate share of the net pension liability	$ 153,544,740	$ 121,480,198	$ 104,083,574

Pension plan fiduciary net position:
Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report.

Pension contributions payable:
The College's accrued payroll and employee benefits included $598,043 of outstanding pension contribution amounts payable to ASRS for the year ended June 30, 2015, which includes $2,761 for alternate contributions for retirees.

B. Public Safety Personnel Retirement System

Plan description:
College police who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan. A seven-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The PSPRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the PSPRS web site at www.psprs.com.

Benefits provided:
The PSPRS provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

PSPRS	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Retirement and Disability:		
Years of service and age required to receive benefit	20 years any age 15 years age 62	25 years age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percent:		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR 50% plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor Benefit:		
Retired Members	80% to 100% of retired member's pension benefit	
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Employees covered by benefit terms:
At June 30, 2015, the following employees were covered by the pension plan's benefit terms:

Inactive employees or beneficiaries currently receiving benefits	13
Inactive employees entitled to but not yet receiving benefits	8
Active employees	29
Total	50

Contributions and annual OPEB cost:
State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS

pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2015, are indicated below. Rates are a percentage of active members' annual covered payroll.

Active members-Pension	11.05%
College	
Pension	23.33%
Health insurance premium benefit	1.18%

In addition, the College was required by statute to contribute at the actuarially determined rate of 19.65 percent of annual covered payroll of retired members who worked for the College in positions that would typically be filled by an employee who contributes to the PSPRS.

The College's contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended June 30, 2015, were:

Pension Contributions made	$430,569
Health Insurance Premium Benefit:	
Annual OPEB cost	21,879
Contributions made	21,904

During fiscal year 2015, the College paid for PSPRS pension and OPEB contributions 100 percent from the General Fund.

Pension liability:
At June 30, 2015, the College reported a net pension liability of $5,247,710. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2014, reflects the following changes of benefit terms and actuarial assumptions.

- In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law that changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, the plans changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases.

- The wage growth actuarial assumption was decreased from 4.5 percent to 4.0 percent.

Pension actuarial assumptions:
The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Discount rate	7.85%
Projected salary increases	4.0%–8.0%
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table (adjusted by 105% for both males and females)

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.85 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Short term investments	2%	3.25%
Absolute return	4%	6.75%
Risk parity	4%	6.04%
Fixed income	7%	4.75%
Real assets	8%	5.96%
GTAA	10%	5.73%
Private equity	11%	9.50%
Real estate	11%	6.50%
Credit opportunities	13%	8.00%
Non-U.S. equity	14%	8.63%
U.S. equity	16%	7.60%
Total	100%	

Pension discount rate:
A single discount rate of 7.85% was used to measure the total pension liability. The projection of cash flows used to determine the PSPRS discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2014	$8,034,152	$4,267,172	$3,766,980
Changes for the year:			
Service cost	286,647		286,647
Interest on the total pension liability	622,942		622,942
Changes of benefit terms	252,094		252,094
Differences between expected and actual experience in the measurement of the pension liability	228,272		228,272

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Changes of assumptions or other inputs	1,248,844		1,248,844
Contributions - employer		386,690	(386,690)
Contributions - employee		177,668	(177,668)
Net investment income		599,257	(599,257)
Benefit payments, including refunds of employee contributions	(483,813)	(483,813)	
Administrative expense		(4,827)	4,827
Other changes (Net Transfer)		(719)	719
Net changes	$2,154,986	$674,256	$1,480,730
Balances at June 30, 2015	$10,189,138	$4,941,428	$5,247,710

Sensitivity of the College's net pension liability to changes in the discount rate:
The following table presents the College's net pension liability calculated using the discount rate of 7.85 percent, as well as what the College's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Rate	6.85%	7.85%	8.85%
Net pension liability	$6,497,813	$5,247,710	$4,206,559

Pension plan fiduciary net position:
Detailed information about the pension plan's fiduciary net position is available in the separately issued PSPRS financial report.

Pension expense and deferred outflows/inflows of resources:
For the year ended June 30, 2015, the College recognized pension expense for PSPRS of $853,378.
At June 30, 2015, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 187,597	
Changes of assumptions or other inputs	1,026,317	
Net difference between projected and actual earnings on pension plan investments		$ 199,872
College contributions subsequent to the measurement date	430,569	
Total	**$ 1,644,483**	**$ 199,872**

The amounts reported as deferred outflows of resources related to pensions resulting from college contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30		
2016	$	213,234
2017		213,234
2018		213,234
2019		213,234
2020		161,106

OPEB actuarial assumptions:
The health insurance premium benefit contribution requirements for the year ended June 30, 2015, were established by the June 30, 2013, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the reported amounts' value and assumptions about the probability of events in the future. Amounts determined regarding the plan's funded status and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress for the health insurance premium benefit presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plan's assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on (1) the plan as the College and plan's members understand them and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the College and plan's members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used to establish the fiscal year 2015 contribution requirements are as follows:

PSPRS OPEB Contribution Requirements:

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4.5%–8.5%
Wage growth	4.5%

OPEB trend information:
Annual OPEB cost information for the health insurance premium benefit for the current and 2 preceding years are as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
2015	$ 21,879	100%	$ 0
2014	20,800	100%	0
2013	22,199	100%	0

OPEB funded status:
The health insurance premium benefit plan's funded status as of the most recent valuation date, June 30, 2014, along with the actuarial assumptions and methods used in the valuation follow.

Actuarial value of assets (a)	$ 346,559
Actuarial accrued liability (b)	215,331
Unfunded actuarial accrued liability (funding excess) (b) – (a)	(131,228)
Funded ratio (a)/(b)	160.94%
Annual covered payroll (c)	$ 1,733,820
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (b) – (a) / (c)	(7.57)%

The actuarial methods and assumptions used for the PSPRS health insurance premium benefit plans for the most recent valuation date are as follows:

PSPRS OPEB Funded Status	
Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	22 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4%–8%
Wage growth	4%

7. RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; natural disasters; errors and omissions; and injuries to employees. The College participates in a risk retention trust for liabilities arising from general liability and automobile risks. The trust operating agreement includes a provision for member assessment in the event that total claims paid by the trust exceed the contributions and reserves in any one year. The assessment is limited to the contribution amount paid by the College during the year in which the assessment is applied. The College carries commercial insurance for other risks of loss, including property, workers' compensation, and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

In addition, the College finances uninsured risks of loss for prescription and health benefits to eligible employees and their dependents. The prescription plan provides coverage for eligible prescription drugs with an employee-paid co-payment determined by the drug's availability within the plan's formulary. The College purchases insurance for the prescription plan which covers claims that exceed projected claims, up to two times the original claims projection. The healthcare plan has specific stop loss coverage for claims above $150,000 in a fiscal year and an aggregate stop loss set at 125% of projected medical claims. The above commercial loss insurance coverage began July 1, 2014 for both plans. The College utilizes a consultant to determine the required funding annually based upon anticipated utilization, cost trends, and benefit levels for each plan. Independent administrators provide claim and record-keeping services for the plans. Settled claims resulting from these risks have not exceeded commercial insurance coverage within the current fiscal year.

The insurance claims payable of $629,380 at June 30, 2015, includes the amounts payable for both health and prescription benefits. This amount has been recognized as an expense and is included in accrued liabilities in the Statement of Net Position. It is the estimated cost of settling claims that have been reported but not settled and claims that have been incurred but not reported and is based on actuarial valuations. The College's claims payable for the fiscal years ended June 30, 2014, and June 30, 2015, are as follows:

Prescription Plan	Year Ending June 30	
	2014	2015
Claims liability at beginning of year	$ 0	$ 4,932
Current year actual and estimated claims	2,758,521	3,378,866
Payments on claims	(2,753,589)	(3,215,651)
Claims liability at end of year	$ 4,932	$ 168,147

Health Plan	Year Ending June 30	
	2014	2015*
Claims liability at beginning of year		$ 0
Current year actual and estimated claims		5,204,719
Payments on claims		(4,743,486)
Claims liability at end of year		$ 461,233

* The health plan began July 1, 2014.

8. OPERATING EXPENSES

The College's operating expenses are presented by functional classification in the Statement of Revenues, Expenses and Changes in Net Position. The operating expenses can also be classified into the following:

Notes to Financial Statements

Description	Amount
Employee Compensation and Benefits	$ 127,935,467
Communications and Utilities	5,803,596
Travel	1,830,431
Contractual Services	18,749,281
Supplies and Materials	9,084,437
Student Financial Aid	20,923,754
Other Expenses	6,625,227
Depreciation	8,403,706
Total operating expenses	**$ 199,355,899**

9. DISCRETELY PRESENTED COMPONENT UNIT – PIMA COMMUNITY COLLEGE FOUNDATION

9a. Summary of Significant Accounting Policies

Reporting Entity:
Pima Community College Foundation, Inc. (the Foundation) was incorporated in the State of Arizona in 1977 as a nonprofit organization dedicated to supporting Pima Community College by securing private philanthropic support for scholarships, programs and other College needs, managing assets to ensure the best financial returns and facilitating College development activities.

Basis of Presentation and Accounting:
The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. Revenue is recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation:
The Foundation reports information regarding its financial position and activities according to three classes of net position (unrestricted net position, temporarily restricted net position, and permanently restricted net position) based upon the existence or absence of donor-imposed restrictions.

- Unrestricted net position – Net position that is not subject to donor-imposed stipulations.
- Temporarily restricted net position – Net position subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time. When a restriction expires, the temporarily restricted net position is reclassified to unrestricted net position and reported in the statement of activities as net position released from restrictions.
- Permanently restricted net position – Net position subject to donor-imposed stipulations that may be maintained permanently by the Foundation.

Contributions are recognized as revenue when received or unconditionally promised. The Foundation reports gifts of cash and other assets as temporarily or permanently restricted support if such gifts are received with donor stipulations that limit the use of the donated assets as to either purpose or time period. When a donor restriction expires, either through the passage of time or use of the monies for the purpose intended by the donor, temporarily restricted net position is reclassified to unrestricted net position and reported as net position released from restrictions. Temporarily restricted contributions are reported as unrestricted net position when the restriction is met in the same period the contribution is received. In the College's financial report, the Foundation's net position is presented as restricted and unrestricted.

Use of estimates:
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Tax-Exempt Status:
The Foundation is a nonprofit organization and is exempt from federal income tax under Internal Revenue Code (IRC) Section 501(c)(3). Therefore, no provision has been made for income taxes in the accompanying financial statements. The Foundation is not classified as a private foundation under Section 509(a) of the IRC.

Cash and Cash Equivalents:
Cash and cash equivalents include all cash balances and highly liquid investments with an original maturity of three months or less.

Concentration of Risk:
Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents and investment balances. The Foundation maintains its cash in bank deposit accounts, which may exceed federally insured limits. The Federal Deposit Insurance Corporation (FDIC) insures cash accounts at banks up to $250,000 per institution. Investments held by other institutions are insured up to $500,000 under insurance provided by the Securities Investor Protection Corporation (SIPC). However, SIPC does not protect against losses in market value. At June 30, 2015, there was $7,217,373 in cash and cash equivalents and investment balances in excess of the FDIC insurance limits. It is the opinion of management that the solvency of the referenced financial institutions is not of concern at this time.

Investments:
In accordance with generally accepted accounting principles applicable to nonprofit organizations, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included with the change in net position.

Funds held for others:
Various nonprofit and other entities give funds to the Foundation for students to receive scholarships. These other entities select the scholarship recipient. As the Foundation has no control over who receives the scholarships, these are reported as funds held for others. Funds held for others totaled $606,353 at June 30, 2015.

Donated Services, Materials and Facilities:
Donated goods and facilities are valued at fair market value. Donated services are recognized in the financial statements at fair market value if the following criteria are met:

- The services require specialized skills and the services are provided by individuals possessing those skills.
- The services would typically need to be purchased if not donated.

Although the Foundation may utilize the services of outside volunteers, the fair value of these services has not been recognized in the accompanying financial statements since they do not meet the criteria for recognition under generally accepted accounting principles.

Advertising:
The Foundation expenses advertising costs as incurred. The Foundation does not participate in direct-response advertising which requires the capitalization and amortization of related costs. Advertising costs totaled $13,888 at June 30, 2015.

9b. Cash and Investments
At June 30, 2015, the Foundation's unrestricted cash and cash equivalents were in the amount of $1,221,906.

The Foundation's other long-term investments at June 30, 2015, consisted of the following:

Foundation 2015	
Bond Funds	$ 268,736
Equity Funds	6,459,018
Investment In Partnership	497,159
Total available for operations	**$ 7,224,913**

9c. Endowment Funds
The Foundation's endowment includes donor restricted funds. As required by generally accepted accounting principles, net position associated with endowment funds is classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted Arizona's version (Titled the "Management of Charitable Funds Act" (the Act)) of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies a permanently restricted net position as (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net position is classified as temporarily restricted net position until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the Act.

Endowment net position composition as of June 30, 2015 consists of:

	Temporarily Restricted	Permanently Restricted
Donor-restricted endowment assets	$ 728,858	$ 4,961,782

Changes in endowment net position for the year ended June 30, 2015 are as follows:

	Temporarily Restricted	Permanently Restricted
Endowment net position, beginning of year	$ 1,034,773	$ 4,929,224
Contributions		125,163
Donor-directed transfers		7,395
Return of contribution per donor request		(100,000)
Investment loss	(129,244)	
Appropriation of endowment assets for expenditure	(176,671)	
Endowment net position, end of year	$ 728,858	$ 4,961,782

Required Supplementary Information

Schedule of the College's Proportionate Share of the Net Pension Liability – Cost-Sharing Pension Plan

Arizona State Retirement System	Reporting Fiscal Year (Measurement Date)	
	2015 (2014)	2014 through 2006
College's proportion of the net pension liability	0.8210%	Information
College's proportionate share of the net pension liability	$ 121,480,198	not available
College's covered-employee payroll	$ 74,240,051	
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	163.6316%	
Plan fiduciary net position as a percentage of the total pension liability	69.49%	

Required Supplementary Information

Schedule of Changes in the College's Net Pension Liability and Related Ratios – Agent Pension Plan

Public Safety Personnel Retirement System	Reporting Fiscal Year (Measurement Date) 2015 (2014)	2014 through 2006
Total pension liability		
Service cost	$ 286,647	Information not available
Interest on the total pension liability	622,942	
Changes of benefit terms	252,094	
Differences between expected and actual experience in the measurement of the pension liability	228,272	
Changes of assumptions or other inputs	1,248,844	
Benefit payments, including refunds of employee contributions	(483,813)	
Net change in total pension liability	2,154,986	
Total pension liability-beginning	8,034,152	
Total pension liability-ending (a)	$10,189,138	
Plan fiduciary net position		
Contributions-employer	$ 386,690	
Contributions-employee	177,668	
Net investment income	599,257	
Benefit payments, including refunds of employee contributions	(483,813)	
Administrative expenses	(4,827)	
Other changes	(719)	
Net change in plan fiduciary net position	674,256	
Plan fiduciary net position-beginning	4,267,172	
Plan fiduciary net position-ending (b)	$ 4,941,428	
College's net pension liability-ending (a) - (b)	$ 5,247,710	
Plan fiduciary net position as a percentage of the total pension liability	48.5%	
Covered-employee payroll	$ 1,783,695	
College's net pension liability as a percentage of covered-employee payroll	294.2%	

Required Supplementary Information

Schedule of College Pension Contributions

Arizona State Retirement System

	Reporting Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required contribution	$ 8,288,807	$ 7,918,797	$ 7,457,496	$ 6,979,719	$ 6,282,818	$ 5,964,027	$ 5,628,540	$ 5,498,159	$ 4,924,752	$ 3,701,556
College's contributions in relation to the statutorily required contribution	8,288,807	7,918,797	7,457,496	6,979,719	6,282,818	5,964,027	5,628,540	5,498,159	4,924,752	3,701,556
College's contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered-employee payroll	$ 76,259,354	$ 74,240,051	$ 72,914,505	$ 70,582,295	$ 69,686,717	$ 71,405,975	$ 70,439,347	$ 68,323,356	$ 65,427,285	$ 64,039,619
College's contributions as a percentage of covered-employee payroll	10.87%	10.67%	10.23%	9.89%	9.02%	8.35%	7.99%	8.05%	7.53%	5.78%

Public Safety Personnel Retirement System

	Reporting Fiscal Year		
	2015	2014	2013 - 2006
Actuarially determined contribution	$ 430,569	$ 386,690	Information
College's contributions in relation to the actuarially determined contribution	430,569	386,690	not available
College's contribution deficiency (excess)	$ -	$ -	
College's covered-employee payroll	$ 1,854,667	$ 1,783,695	
College's contributions as a percentage of covered-employee payroll	23.22%	21.68%	

See accompanying notes to pension plan schedules.

Required Supplementary Information

Notes to Pension Plan Schedule of College Pension Contributions

Note 1 - Actuarially Determined Contribution Rates

Actuarial determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Contributions for Fiscal Year	2015
Valuation Date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period as of the 2013 actuarial valuation	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4.5%–8.5%
Wage growth	4.5%
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	RP-2000 mortality table (adjusted by 105% for both males and females)

Contributions for Fiscal Year	2014
Valuation Date	June 30, 2012
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period as of the 2012 actuarial valuation	24 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	5.0%–9.0%
Wage growth	5.0%
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	RP-2000 mortality table (adjusted by 105% for both males and females)

Required Supplementary Information

Schedule of Agent OPEB Plan's Funding Progress

PSPRS Health Insurance Premium Benefit

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded actuarial accrued liability (UAAL) (funding excess) (b) – (a)	Funded ratio (a)/(b)	Annual covered payroll (c)	UAAL (funding excess) as a percentage of covered payroll (b) – (a)/c)
6/30/14	$346,559	$215,331	$(131,228)	160.94%	$1,733,820	-0.757%
6/30/13	0	186,162	186,162	0%	1,485,664	12.53%
6/30/12	0	209,303	209,303	0%	1,532,215	13.66%

Notes to Schedule of Agent OPEB Plan's Funding Progress

Note 1 – Factors That Affect the Identification of Trends

Beginning in fiscal year 2014, PSPRS established separate funds for pension benefits and health insurance premium benefits. Previously, the plan recorded both pension and health insurance premium contributions in the same Pension Fund. During fiscal year 2014, the plan transferred prior-year health insurance premium benefit contributions that exceeded benefit payments from the Pension Fund to the new Health Insurance Fund.

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Statistical Section

Pima County Community College District
Statistical Section

Table of Contents: Statistical Section

Pima County Community College District
Financial Trends

Schedule of Net Position by Component
Fiscal Years 2015 to 2006

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net Investment in Capital Assets	$ 111,016,873	$ 116,017,978	$ 111,772,509	$ 107,958,480	$ 110,359,292	$ 106,023,641	$ 98,438,758	$ 91,317,290	$ 84,835,720	$ 79,326,718
Restricted - expendable	8,652,563	9,091,749	8,184,292	7,771,778	7,718,819	5,584,879	6,192,750	5,881,028	8,318,933	5,990,638
Restricted - nonexpendable	217,399	1,573,607	1,631,278	1,682,173	101,886	1,675,365	1,553,416	1,534,847	1,575,816	1,414,922
Unrestricted	(51,900,890)	80,543,605	93,662,614	100,136,064	98,779,375	85,778,752	80,973,839	70,181,923	61,086,198	58,228,151
Total Net Position	$ 67,985,945	$ 207,226,939	$ 215,250,693	$ 217,548,495	$ 216,959,372	$ 199,062,637	$ 187,158,763	$ 168,915,088	$ 155,816,667	$ 144,960,429

Source: District Records
Notes: In fiscal year 2015, the College implemented GASB 68 and 71. Historical data in the statistical section has not been restated.

Schedule of Other Changes in Net Position
Fiscal Years 2015 to 2006

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Income (Loss) Before Other Changes in Net Position	$ (7,776,128)	$ (8,054,427)	$ (3,097,802)	$ 522,923	$ 17,855,272	$ 11,767,148	$ 18,042,849	$ 9,765,895	$ 6,542,112	$ 6,037,381
Capital Appropriations								3,198,900	3,262,900	3,268,000
Capital Gifts and Grants	136,341	30,673	800,000	66,200	41,463	136,726	200,826	133,626	1,051,226	51,226
Total Change in Net Position	$ (7,639,787)	$ (8,023,754)	$ (2,297,802)	$ 589,123	$ 17,896,735	$ 11,903,874	$ 18,243,675	$ 13,098,421	$ 10,856,238	$ 9,356,607

Source: District Records

Pima County Community College District
Financial Trends

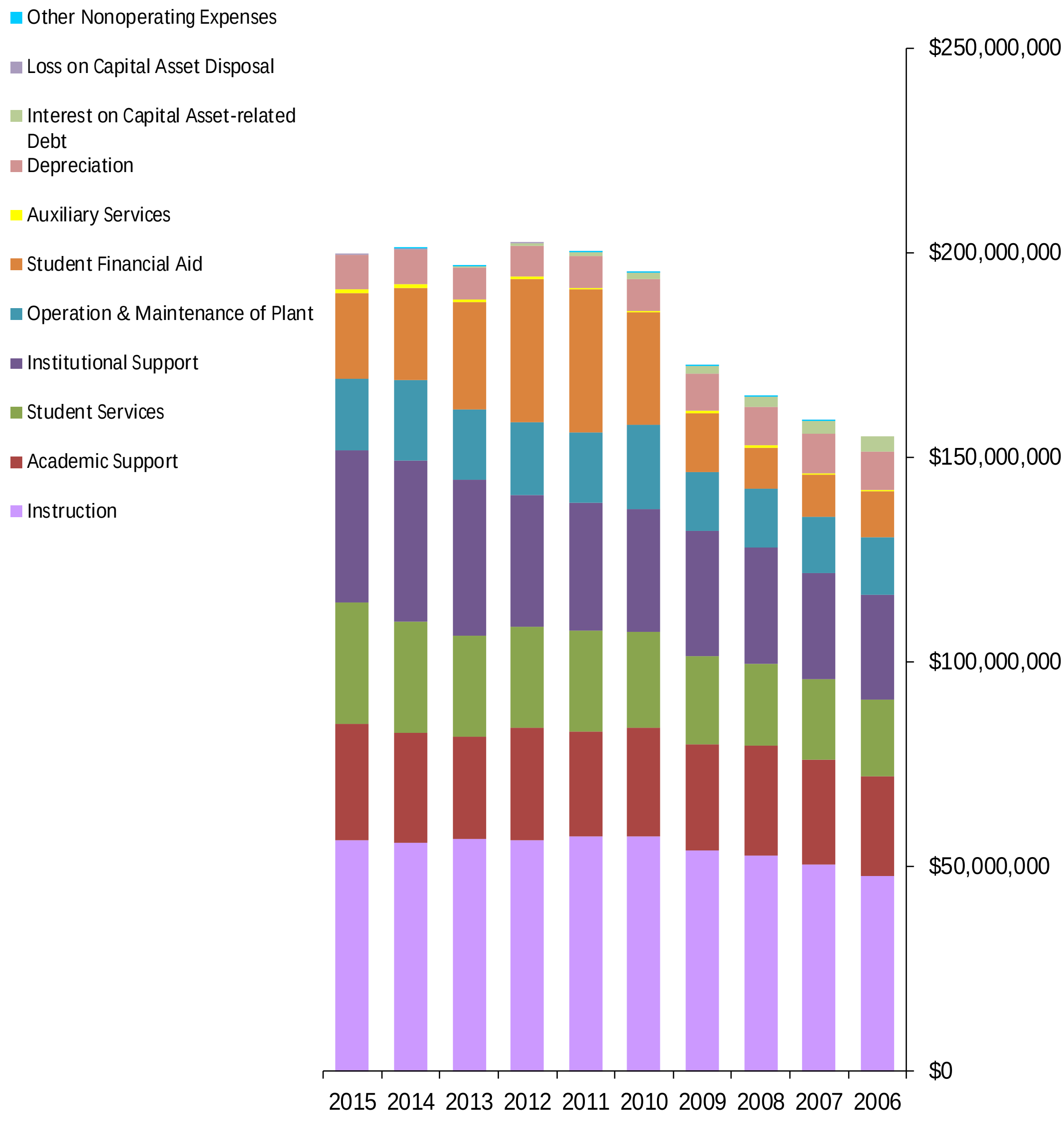
Schedule of Expenses by Identifiable Activity
Fiscal Years 2015 to 2006

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Operating Expenses										
Instruction	$ 56,521,328	$ 55,712,283	$ 56,722,122	$ 56,541,376	$ 57,500,697	$ 57,464,058	$ 53,829,194	$ 52,780,535	$ 50,358,712	$ 47,590,586
Academic Support	28,307,683	26,968,277	24,878,589	27,424,159	25,592,122	26,414,846	26,059,669	26,847,901	25,845,798	24,404,446
Student Services	29,761,778	27,093,085	24,615,986	24,475,523	24,400,835	23,398,419	21,425,318	19,899,674	19,646,698	18,773,819
Institutional Support	36,990,188	39,336,193	38,208,264	32,376,945	31,362,563	30,106,066	30,689,156	28,316,662	25,841,538	25,518,916
Operation and Maintenance of Plant	17,474,890	19,593,974	17,134,651	17,805,567	17,188,038	20,361,539	14,402,725	14,591,818	13,663,309	14,005,767
Student Financial Aid	20,923,754	22,739,712	26,244,500	34,764,717	34,799,330	27,564,234	14,444,634	9,982,314	10,217,749	11,390,995
Auxiliary Enterprises	972,572	917,261	755,713	694,438	594,145	441,050	511,708	445,760	442,005	376,163
Depreciation	8,403,706	8,224,999	7,775,302	7,637,565	7,682,122	7,894,367	8,886,260	9,270,375	9,630,691	9,426,904
Total Operating Expenses	199,355,899	200,585,784	196,335,127	201,720,290	199,119,852	193,644,579	170,248,664	162,135,039	155,646,500	151,487,596
Nonoperating Expenses										
Interest on Capital Asset-Related Debt		67,750	207,304	464,825	882,425	1,461,113	2,081,623	2,589,150	3,171,063	3,747,663
Loss on Capital Asset Disposal	24,101	266,394	10,657	106,875	11,914	23,640	21,355	100,080	122,362	
Other Nonoperating Expenses		24,900	43,871		8,773	30,940	138,716	171,472	24,161	
Total Nonoperating Expenses	24,101	359,044	261,832	571,700	903,112	1,515,693	2,241,694	2,860,702	3,317,586	3,747,663
Total Expenses	$ 199,380,000	$ 200,944,828	$ 196,596,959	$ 202,291,990	$ 200,022,964	$ 195,160,272	$ 172,490,358	$ 164,995,741	$ 158,964,086	$ 155,235,259

Source: District Records

Graph of Expenses by Identifiable Activity

Fiscal Years 2015 to 2006



Source: District Records

Pima County Community College District
Financial Trends

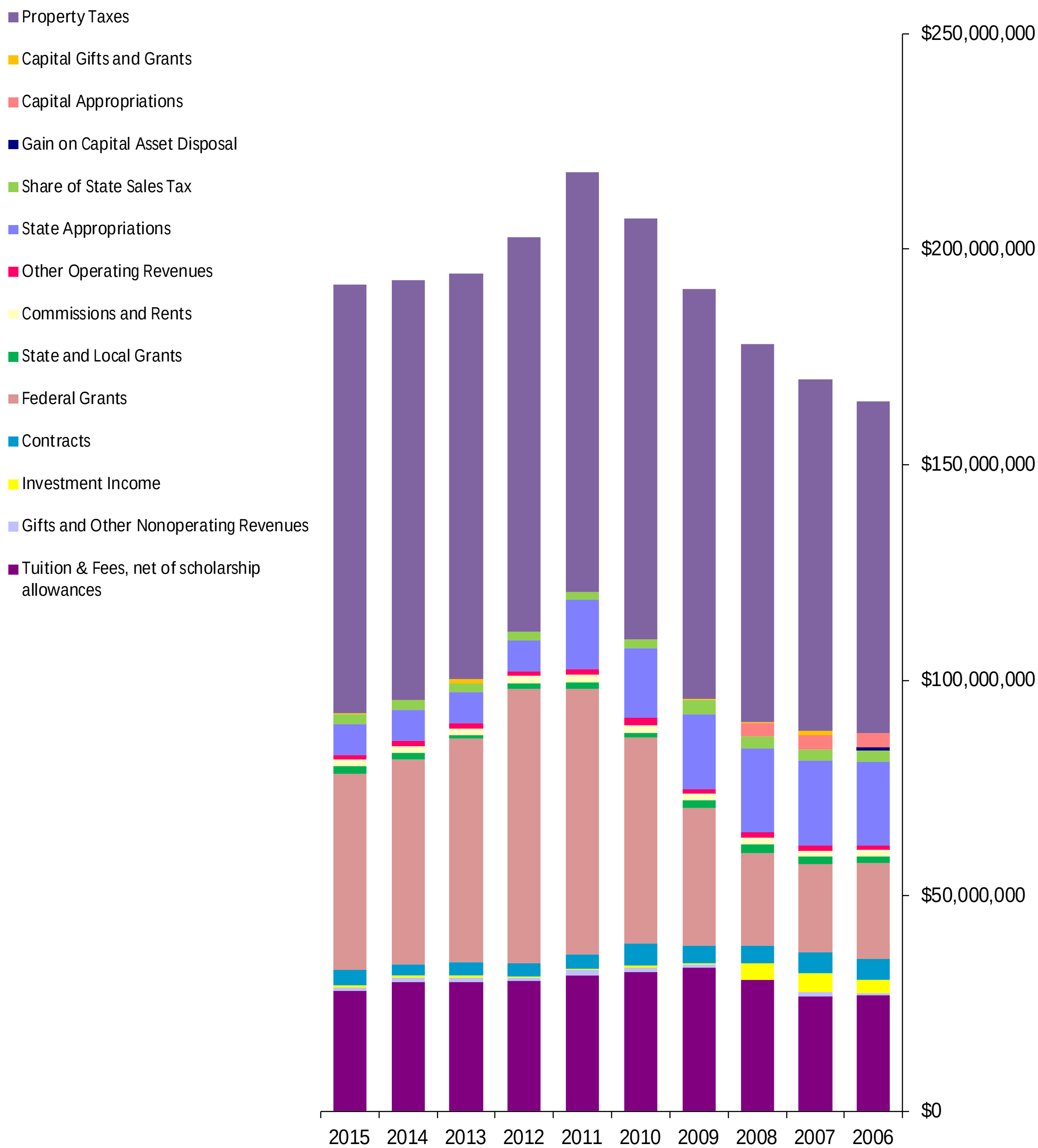
Schedule of Revenues by Source
Fiscal Years 2015 to 2006

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Operating Revenues										
Tuition and Fees, net of scholarship allowances	$ 27,860,572	$ 30,092,480	$ 30,034,844	$ 30,315,594	$ 31,543,208	$ 32,359,864	$ 33,365,932	$ 30,540,815	$ 26,598,153	$ 26,916,148
Contracts	3,614,371	2,565,513	2,887,596	3,096,886	3,350,861	5,073,714	3,908,570	4,056,206	4,653,215	4,774,704
Commissions and Rents	1,608,709	1,613,283	1,653,777	1,827,383	1,891,920	1,881,242	1,492,245	1,484,209	1,415,147	1,386,225
Other Operating Revenues	1,137,112	1,199,976	1,099,854	961,978	1,311,330	1,825,203	1,151,767	1,225,909	1,116,516	1,059,377
Total Operating Revenues	34,220,764	35,471,252	35,676,071	36,201,841	38,097,319	41,140,023	39,918,514	37,307,139	33,783,031	34,136,454
Nonoperating Revenues										
Property Taxes	99,464,621	97,523,572	94,150,821	91,581,461	97,431,336	97,583,761	95,074,188	87,864,083	81,545,867	76,820,090
State Appropriations	7,093,500	7,136,600	7,353,500	7,146,400	15,942,100	15,942,100	17,413,618	19,593,500	19,593,500	19,593,500
Federal Grants	45,616,708	47,429,534	51,918,293	63,645,052	61,762,889	47,861,962	32,131,073	21,535,563	20,516,659	22,279,565
State and Local Grants	1,573,775	1,666,184	770,688	1,326,419	1,366,883	996,369	1,730,592	2,111,608	1,796,011	1,673,520
Share of State Sales Tax	2,331,857	2,256,268	2,072,940	1,977,303	1,909,767	1,964,641	3,264,463	2,659,271	2,740,430	2,500,110
Gifts and Other Nonoperating Revenues	812,941	861,085	895,476	799,030	1,147,421	961,332	659,580	4,080	1,045,882	444,736
Investment Income	489,706	545,906	661,368	137,407	220,521	477,231	341,179	3,686,392	4,484,818	3,084,756
Gain on Capital Asset Disposal										739,909
Capital Appropriations								3,198,900	3,262,900	3,268,000
Capital Gifts and Grants	136,341	30,673	800,000	66,200	41,463	136,726	200,826	133,626	1,051,226	51,226
Total Nonoperating Revenues	157,519,449	157,449,822	158,623,086	166,679,272	179,822,380	165,924,122	150,815,519	140,787,023	136,037,293	130,455,412
Total Revenues	$ 191,740,213	$ 192,921,074	$ 194,299,157	$ 202,881,113	$ 217,919,699	$ 207,064,145	$ 190,734,033	$ 178,094,162	$ 169,820,324	$ 164,591,866

Source: District Records
Notes: Data for Contracts, Federal Grants and State and Local Grants was restated beginning fiscal year 2008 to coincide with revised revenue classifications.
For fiscal year 2015, Other Operating Revenues includes a rebate in the amount of $59,392 received from JP Morgan Chase for credit card purchases.

Pima County Community College District
Financial Trends

Graph of Revenues by Source
Fiscal Years 2015 to 2006



Source: District Records

Pima County Community College District
Revenue Capacity

Assessed Value and Full Cash Value of All Taxable Property
Last Ten Fiscal Years
Dollars in Thousands

Fiscal Year/Levy Type (1)		Net Assessed Value	Total Direct Tax Rate (2)	Full Cash Values (3)	Ratio of Net Assessed to Full Cash Value
2013/2014 Primary		$ 7,559,129	1.3344	$ 73,262,703	10.32%
2013/2014 Secondary		7,623,691	0.0000	74,590,067	10.22%
	Total		1.3344		
2012/2013 Primary		$ 8,073,938	1.2746	$ 76,085,641	10.61%
2012/2013 Secondary		8,171,212	0.0187	77,731,086	10.51%
	Total		1.2933		
2011/2012 Primary		$ 8,310,120	1.1484	$ 78,036,208	10.65%
2011/2012 Secondary		8,448,282	0.0257	80,152,473	10.54%
	Total		1.1741		
2010/2011 Primary		$ 8,939,647	1.0846	$ 82,348,221	10.86%
2010/2011 Secondary		9,342,561	0.0248	86,228,902	10.83%
	Total		1.1094		
2009/2010 Primary		$8,985,712	0.9755	$80,593,121	11.15%
2009/2010 Secondary		9,860,981	0.1093	88,098,754	11.19%
	Total		1.0848		
2008/09 Primary		$8,230,967	0.9356	$73,122,499	11.26%
2008/09 Secondary		9,594,862	0.1414	85,993,246	11.16%
	Total		1.0770		
2007/08 Primary		$7,353,331	0.9844	$64,347,659	11.43%
2007/08 Secondary		8,220,396	0.1511	72,101,321	11.40%
	Total		1.1355		
2006/07 Primary		$6,467,202	1.0191	$56,437,790	11.46%
2006/07 Secondary		6,869,955	0.1654	59,890,229	11.47%
	Total		1.1845		
2005/06 Primary		$5,849,549	1.0570	$50,631,267	11.55%
2005/06 Secondary		6,050,950	0.1945	52,335,111	11.56%
	Total		1.2515		
2004/05 Primary		$5,412,550	1.0930	$46,754,009	11.58%
2004/05 Secondary		5,620,156	0.2184	48,474,537	11.59%
	Total		1.3114		

Sources: Pima County Department of Finance (June 30, 2014 CAFR). June 30, 2015 statistics were unavailable at time of publication
Pima County Assessor's Office

Notes: (1) Primary - Taxes levied to pay for current operation and maintenance expenses.
Secondary - Taxes levied to pay principal and interest on bonded indebtedness and special district assessments.
(2) Includes Primary and Secondary tax rates.
(3) Full Cash Value or Secondary Value approximates market value.

Pima County Community College District
Revenue Capacity

Property Tax Levies and Collections (1)
Last Ten Fiscal Years

Fiscal Year	Original Real Property Tax Levy	Board Ordered Changes thru 6/30/15	Adjusted Levy	(2) Collections/ Payments Initial Tax Year	Percent of Original Levy	(2) Collections/ Payments thru 6/30/15	Percent of Adjusted Levy	(3) Taxes Receivable as of 6/30/15
2015	$96,201,094	$0	$96,201,094	$92,988,525	96.66%	$92,988,525	96.66%	$3,212,569
2014	92,461,302	6,561	92,467,863	89,226,779	96.50%	92,210,597	99.72%	257,266
2013	88,643,360	63,828	88,707,188	85,469,057	96.42%	88,409,470	99.66%	297,718
2012	86,335,655	184,983	86,520,638	83,080,271	96.23%	86,174,399	99.60%	346,239
2011	83,858,009	($158,900)	83,699,109	79,888,743	95.27%	83,143,246	99.34%	555,863
2010	80,612,932	($134,057)	80,478,875	77,256,390	95.84%	80,396,108	99.90%	82,767
2009	77,538,112	(64,146)	77,473,966	74,356,209	95.90%	77,436,009	99.95%	37,957
2008	71,233,238	(112,614)	71,120,624	68,590,439	96.29%	71,107,632	99.98%	12,992
2007	65,036,724	(53,527)	64,983,197	62,767,895	96.51%	64,964,194	99.97%	19,003
2006	60,651,389	(6,755)	60,644,634	58,642,022	96.69%	60,626,409	99.97%	18,225
Totals	**$802,571,815**	**($274,627)**	**$802,297,188**	**$772,266,330**		**$797,456,589**		**$4,840,599**

Source: All figures are derived from Pima County Treasurer's Tax Ledgers and spreadsheets.

Notes: (1) All amounts shown are for primary property taxes only. Unsecured personal property taxes are not included in this schedule because the dates of the monthly tax rolls vary each year.
Total unsecured personal property tax board ordered changes and collections for fiscal year 2014-15 were $0.00 and $3,226,951 respectively, for tax years 2005 through 2014, including rolls and cycles through June 30, 2015. The total outstanding levy at June 30, 2015 for the period cited stands at $1,123,078.

(2) Amounts collected are on a cash basis.

(3) Represents the difference between the adjusted levy and collected to June 30, 2015.

Pima County Community College District
Revenue Capacity

Schedule of Principal Property Taxpayers
Last Ten Years as of 2014 (1)
Dollars in Thousands

Employer	2014 Estimated Assessed Value (2)	2014 Rank	2014 Percent of Total Assessed Value	2013 Estimated Assessed Value (2)	2013 Rank	2013 Percent of Total Assessed Value	2012 Estimated Assessed Value (2)	2012 Rank	2012 Percent of Total Assessed Value	2011 Estimated Assessed Value (2)	2011 Rank	2011 Percent of Total Assessed Value	2010 Estimated Assessed Value (2)	2010 Rank	2010 Percent of Total Assessed Value
Unisource/Tucson Electric Power Co.	$201,401	1	2.7%	$200,706	1	2.6%	$179,262	1	2.2%	$168,510	1	2.0%	$164,363	1	1.8%
Freeport-McMoRan Copper & Gold	95,186	2	1.3%	136,947	2	1.8%	142,419	2	1.7%	99,048	2	1.2%	89,289	2	1.0%
Southwest Gas Corporation	66,789	3	0.9%	61,669	4	0.8%	61,718	4	0.8%	64,533	3	0.8%	65,879	3	0.7%
ASARCO LLC	55,322	4	0.7%	74,101	3	1.0%	83,778	3	1.0%	58,585	4	0.7%	28,878	5	0.3%
QWEST Corporation	38,035	5	0.5%	40,386	5	0.5%	53,225	5	0.7%	51,942	5	0.6%	55,076	4	0.6%
Trico Electric Co-Op Inc.	21,845	6	0.3%	21,713	6	0.3%	22,133	6	0.3%	21,217	6	0.3%	21,208	6	0.2%
Wal-Mart Stores Incorporated	19,366	7	0.3%	16,923	8	0.2%	15,581	9	0.2%						
Northwest Hospital LLC	16,982	8	0.2%	16,980	7	0.2%	17,723	8	0.2%	17,390	9	0.2%	17,097	8	0.2%
DND Neffson Co. (Tucson Mall)	16,037	9	0.2%	16,030	9	0.2%	17,998	7	0.2%	17,931	7	0.2%	17,715	7	0.2%
Star Pass Resort Developments LLC	12,298	10	0.2%							16,153	10	0.2%	16,582	10	0.2%
Verizon Wireless				12,884	10	0.2%	14,291	10	0.2%						
Target Corporation										17,519	8	0.2%			
Arizona Portland Cement													16,635	9	0.2%
ASARCO Mining															
Raytheon															
Westin La Paloma															
El Conquistador Hotel															
HDP Northwest															
Total Top Ten	$543,261		7.2%	$598,339		7.8%	$608,128		7.4%	$532,828		6.3%	$ 492,722		5.3%

Source: Pima County Department of Finance (June 30, 2014 CAFR)
Notes:(1) June 30, 2015 statistics were unavailable at time of publication.
(2) Secondary Assessed Valuation for Tax Year $7,579,898 (2014); $7,623,691 (2013); $8,171,212 (2012); $8,448,282 (2011); $9,342,561 (2010)

Pima County Community College District
Revenue Capacity

Schedule of Principal Property Taxpayers (continued)

Last Ten Years as of 2014 (1)

Dollars in Thousands

	2009			2008			2007			2006			2005		
Employer	Estimated Assessed Value (2)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (2)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (2)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (2)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (2)	Rank	Percent of Total Assessed Value
Unisource/Tucson Electric Power Co.	$158,764	2	1.6%	$153,431	2	1.6%	$150,771	1	1.8%	$143,362	1	2.1%	$145,937	1	2.4%
Freeport-McMoRan Copper & Gold	198,694	1	2.0%	156,780	1	1.6%	93,656	3	1.1%	55,176	4	0.8%	21,209	6	0.4%
Southwest Gas Corporation	64,775	4	0.7%	63,698	4	0.7%	62,919	4	0.8%	62,846	3	0.9%	62,970	3	1.0%
ASARCO LLC	20,042	8	0.2%												
QWEST Corporation	74,646	3	0.8%	87,000	3	0.9%	94,300	2	1.1%	87,093	2	1.3%	104,468	2	1.7%
Trico Electric Co-Op Inc.	21,029	7	0.2%	18,816	9	0.2%	18,044	8	0.2%	14,806	10	0.2%			
Wal-Mart Stores Incorporated															
Northwest Hospital LLC															
DND Neffson Co. (Tucson Mall)	18,888	10	0.2%	21,013	8	0.2%	19,897	7	0.2%	19,087	7	0.3%	22,377	5	0.4%
Star Pass Resort Developments LLC	19,384	9	0.2%	15,889	10	0.2%	15,280	10	0.2%	17,068	8	0.2%			
Verizon Wireless															
Target Corporation															
Arizona Portland Cement	27,561	6	0.3%	23,593	7	0.2%	23,468	6	0.3%	22,858	5	0.3%	22,459	4	0.4%
ASARCO Mining	63,572	5	0.6%	44,047	5	0.5%									
Raytheon				33,833	6	0.4%	58,987	5	0.7%	21,665	6	0.3%	16,069	8	0.3%
Westin La Paloma							15,959	9	0.2%	15,504	9	0.2%	16,358	7	0.3%
El Conquistador Hotel													13,653	10	0.2%
HDP Northwest													14,708	9	0.2%
Total Top Ten	$667,355		6.8%	$618,100		6.4%	$ 553,281		6.7%	$ 459,465		6.7%	$ 440,208		7.3%

Source: Pima County Department of Finance (June 30, 2014 CAFR)

Notes:(1) June 30, 2015 statistics were unavailable at time of publication.

(2) Secondary Assessed Valuation for Tax Year $9,860,981 $9,594,862 $8,220,396 $6,869,955 $6,050,950

Pima County Community College District
Revenue Capacity

Property Tax Rates, Direct and Overlapping Governments

Last Ten Fiscal Years (Per $100 of Assessed Value) (6)

Tax Year	(1) Pima County Community College District	State of Arizona	Central Arizona Water Conservation District	(2) Pima County	(3) Flood Control District	County Library District	Education Assistance	(4) Cortaro-Marana Irrigation District
2014	1.3344	0.0000	0.1400	5.0251	0.3035	0.4353	0.5089	69.0000
2013	1.2933	0.0000	0.1400	4.4921	0.2635	0.3753	0.5123	69.0000
2012	1.1741	0.0000	0.1000	4.2425	0.2635	0.3460	0.4717	66.0000
2011	1.1094	0.0000	0.1000	4.2396	0.2635	0.3460	0.4259	66.0000
2010	1.0848	0.0000	0.1000	4.1063	0.2635	0.3100	0.3564	66.0000
2009	1.0770	0.0000	0.1000	4.0639	0.2635	0.2643	0.3306	66.0000
2008	1.1355	0.0000	0.1000	4.0374	0.2935	0.3393	0.0000	66.0000
2007	1.1845	0.0000	0.1000	4.3253	0.3446	0.3975	0.0000	65.0000
2006	1.2515	0.0000	0.1200	4.5985	0.3746	0.3675	0.0000	60.0000
2005	1.3114	0.0000	0.1200	4.8290	0.3746	0.2575	0.4358	60.0000

Tax Year	(4) Flowing Wells Irrigation District	(4) Silverbell Irrigation District	City of Tucson	City of South Tucson	Street Lighting Impro. District	(5) Mobile Home Relocation District	(6) Towns Other	School Districts Range From	To
2014	19.3500	3.0000	1.4606	0.2528	12.0787	0.5000	7.0000	2.1123	7.5094
2013	19.3500	3.0000	1.4304	2.9776	10.1900	0.5000	7.0000	1.1287	7.4319
2012	19.3500	3.0000	1.2639	2.7640	9.6038	0.5000	7.0000	1.2484	7.3187
2011	19.3500	3.0000	1.1621	2.6603		0.5000	7.0000	1.7682	6.9480
2010	19.3500	3.0000	0.9550	0.1999			7.0000	1.4797	7.0689
2009	19.3500	3.0000	0.9344	0.2035			6.4000	1.3726	7.6340
2008	19.3500	3.0000	0.9601	0.2143			6.4000	1.4622	7.8009
2007	12.9000	3.0000	1.1321	0.2258			6.4000	1.6020	8.1490
2006	12.9000	3.0000	1.2257	0.2383			3.1000	1.7394	9.1529
2005	12.9000	3.0000	1.2364	0.2383			2.8000	1.8090	8.6482

Source: Pima County Department of Finance (June 30, 2014 CAFR), June 30, 2015 statistics were unavailable at time of publication.

Notes: The Towns of Marana, Oro Valley and Sahuarita do not currently levy a property tax.
The Tucson Business Improvement District levy (on a per-business basis) is not shown.
(1) Rate includes any secondary tax levy for debt service on general obligation bonds.
(2) Rate includes the secondary tax levy for debt service on general obligation bonds and fire district assistance.
(3) The Pima County Flood Control District tax levy applies only to real property.
(4) Irrigation districts' tax rates shown are levied on a per acre basis.
(5) Mobile Home Relocation levy applies only to unsecured mobile homes.
(6) 2005 figures represent the rate for the Community Facilities District of Gladden Farms.
The 2006 figure represents the aggregate rate for the Community Facilities Districts of Gladden Farms and Vanderbilt Farms.
2007, 2008 and 2009 figures represent the Community Facilities Districts of Gladden Farms, Vanderbilt Farms and Quail Creek.
The 2010 to 2014 figures represent the aggregate rate for the Community Facilities Districts of: Gladden Farms, Vanderbilt Farms, Quail Creek, Gladden Farms Phase II and Saguaro Springs.

Pima County Community College District
Revenue Capacity

Schedule of Tuition
Last Ten Fiscal Years

Academic Year (1)	Full-Time Tuition & Fees (2) (3) In State	Out of State	Tuition per Credit Hour In State	Out of State (4)
2015	$ 2,300	$ 10,055	$ 70.50	$ 329.00
2014	2,150	10,055	65.50	329.00
2013	2,060	9,725	63.50	319.00
2012	1,910	8,975	58.50	294.00
2011	1,760	8,225	53.50	269.00
2010	1,685	7,910	51.50	259.00
2009	1,625	7,610	49.50	249.00
2008	1,565	7,235	47.00	236.00
2007	1,475	7,025	46.00	231.00
2006	1,415	6,725	44.00	221.00

Source: District Records
Notes: Beginning in January 2012, the College began charging additional tuition, known as differential tuition, for courses that are more costly for the College to offer. These rates are not reflected in the table.
(1) Tuition rate changes are effective at the beginning of each academic year
(2) These amounts are for full-time students taking 30 credit hours during the academic year.
(3) Amounts include: semester processing fees of $20 per year for 2006 - 2014 and $30 per year starting in 2015; student service fees of $2.50 per credit hour in academic years 2006 - 2008, $2.00 per credit hour in academic years 2009 - 2010, $2.50 per credit hour in academic years 2011 - 2013, and $3.00 beginning in 2014; technology fees of $2.00 per credit hour in academic years 2008 - 2013, and $2.50 per credit hour beginning in academic year 2014.
(4) Rates shown are for 7 or more credit hours.

Pima County Community College District
Debt Capacity

Schedule of Ratios of Outstanding Debt
Last Ten Fiscal Years
Dollars in Thousands

	Fiscal Year 2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Bonded Debt										
Total General Bonded Debt	$ 0.00	$ 0.00	$ 1,355	$ 3,280	$ 5,100	$ 14,635	$ 27,335	$ 39,905	$ 51,155	$ 61,730
Per Headcount	$ 0.00	$ 0.00	$ 0.03	$ 0.06	$ 0.08	$ 0.24	$ 0.44	$ 0.64	$ 0.82	$ 0.99
Per FTSE	$ 0.00	$ 0.00	$ 0.07	$ 0.15	$ 0.23	$ 0.66	$ 1.31	$ 1.97	$ 2.58	$ 3.09
Per Capita (Pima County)	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.03	$ 0.04	$ 0.05	$ 0.06
Other Debt										
Revenue Bonds						$ 0.00	$ 100	$ 200	$ 480	$ 1,345
Capital Lease Obligations			$ 0.00	$ 3,365	$ 3,615	$ 3,855	$ 4,080	$ 4,295	$ 4,505	$ 4,705
Revenue Refunding Obligations								$ 0.00	$ 1,510	$ 2,950
Total Outstanding Debt	$ 0	$ 0	$ 1,355	$ 6,645	$ 8,715	$ 18,490	$ 31,515	$ 44,400	$ 57,650	$ 70,730
Per Headcount	$ 0.00	$ 0.00	$ 0.03	$ 0.11	$ 0.14	$ 0.30	$ 0.51	$ 0.72	$ 0.92	$ 1.14
Per FTSE	$ 0.00	$ 0.00	$ 0.07	$ 0.30	$ 0.38	$ 0.84	$ 1.51	$ 2.20	$ 2.91	$ 3.54
Per Capita (Pima County)	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.01	$ 0.02	$ 0.03	$ 0.04	$ 0.06	$ 0.07

Source: District Records. Per Capita calculations based on 2015 forecasted population from "Arizona Economy" magazine, Fall Issue, October 2015. http://ebr.eller.arizona.edu

Pima County Community College District
Debt Capacity

Revenue Bond Coverage (1)
Last Ten Fiscal Years

Fiscal Year	Revenue: Registration & Other Student Fees (2)	Debt Service Requirements Principal	Interest	Total	Coverage
2015	$10,121,770	$0	$0	$0	N/A
2014	11,335,291	0	0	0	N/A
2013	11,957,351	0	0	0	N/A
2012	12,724,354	0	0	0	N/A
2011	13,746,061	0	0	0	N/A
2010	12,420,570	0	0	0	N/A
2009	12,726,254	100,000	14,000	114,000	111.63
2008	12,173,479	100,000	21,000	121,000	100.61
2007	11,142,229	1,690,000	107,900	1,797,900	6.20
2006	11,376,931	2,305,000	224,425	2,529,425	4.50
Totals	119,724,290	4,195,000	367,325	4,562,325	

Source: District Records

Notes: (1) Includes revenue bonds and pledged revenue refunding obligations.
(2) Repayment of revenue bond debt is secured by a pledge of student fees as defined by the bond indentures.

Pima County Community College District
Debt Capacity

Ratio of General Bonded Debt to Assessed Value and Net Bonded Debt per Capita
Last Ten Fiscal Years, as of June 30, 2014 (1)
Dollars in Thousands

Fiscal Year	General Obligation Bond Debt	Secondary Net Assessed Value	Percent Net General Bond Debt to Assessed Value	Population at July 1	Net General Bonded Debt per Capita
2014	$	$7,623,691	0.00%	1,007,200	$
2013	1,355	8,171,212	0.02%	996,700	0.00
2012	3,280	8,448,282	0.04%	990,300	0.00
2011	5,100	9,342,561	0.05%	976,900	0.01
2010	14,635	9,860,981	0.15%	1,030,700	0.01
2009	27,335	9,594,862	0.28%	1,017,200	0.03
2008	39,905	8,220,396	0.49%	1,016,600	0.04
2007	51,155	6,896,955	0.74%	1,002,800	0.05
2006	61,730	6,050,950	1.02%	983,600	0.06
2005	71,675	5,620,156	1.28%	954,300	0.08

Source: District Records, secondary net assessed values from Pima County Department of Finance (June 30, 2014 CAFR) and population is an estimate from the "Arizona Economy" magazine's Forecast Tables. October 2015: Fall Issue. http://www.ebr.eller.arizona.edu

Notes: Details regarding outstanding debt can be found in Notes to the Financial Statements.
(1) June 30, 2015 statistics were unavailable at time of publication.

Pima County Community College District
Debt Capacity

Computation of Direct and Overlapping Governmental Debt Outstanding

At June 30, 2014

Dollars in thousands

Governmental unit	Debt Outstanding	Amount Overlapping (3)
Debt repaid with property tax (1)		
City of Tucson	$ 233,450	$ 233,450
School Districts	569,280	569,280
Total Overlapping		$ 802,730
Debt repaid with property tax		
Pima County (2)	$ 416,006	$ 416,006
Pima County Community College District	0	0
Total Direct		$ 416,006
Other Debt:		
Certificates of Participation	$ 149,703	$ 149,703
Installment note payable	640	640
Transportation bonds	133,081	133,081
Total other debt		$ 283,424
Total direct and overlapping debt		$ 1,502,160

Source: District Records and Pima County Department of Finance (June 30, 2014 CAFR)

Notes: (1) June 30, 2015 amounts were unavailable at the time of publication

(2) Excludes improvement districts

(3) Overlapping governments are those that coincide with the geographic boundaries of the District. All overlapping governments are 100% within the District's boundaries. This schedule estimates the portion of the outstanding debt borne by the residents and businesses in Pima County. When considering the District's ability to issue and repay long-term debt, the process should recognize the entire debt burden borne by the residents and businesses therein. However, this does not imply that every taxpayer is a resident of each government and therefore is responsible for the repayment of debt of each overlapping government.

Pima County Community College District
Debt Capacity

Ratio of Direct and Overlapping Debt to Property Values and per Capita
Last Ten Fiscal Years, as of June 30, 2014 (1)
Dollars in Thousands

Fiscal Year	Total Overlapping Debt	Secondary Net Assessed Value	Percentage of Assessed Value	Population at July 1 (1)	Debt per Capita
2014	$1,218,736	$ 7,623,691	15.99%	1,008,400	$ 1.21
2013	1,311,417	8,172,212	16.05%	996,046	1.32
2012	1,284,219	8,448,282	15.20%	990,380	1.30
2011	1,335,431	9,342,561	14.29%	1,092,369	1.22
2010	1,302,802	9,860,981	13.21%	1,070,723	1.22
2009	1,213,050	9,594,862	12.64%	1,048,796	1.16
2008	1,137,114	8,220,396	13.83%	1,026,506	1.11
2007	1,107,662	6,869,955	16.12%	1,003,918	1.10
2006	1,146,388	6,050,950	18.95%	961,519	1.20
2005	1,185,435	5,620,156	21.09%	943,795	1.26

Source: Pima County Department of Finance (June 30, 2014 CAFR)

Note: June 30, 2015 statistics were unavailable at the time of publication
(1) Population based on calendar year and prior year data is updated to reflect new source data

Pima County Community College District
Debt Capacity

Legal Debt Margin

Last Ten Fiscal Years

Dollars in Thousands

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Assessed Value	$7,518,482	$7,623,691	$ 8,171,212	$ 8,448,282	$ 9,342,561	$ 9,860,981	$ 9,594,862	$8,220,396	$6,869,955	$6,050,950
Legal Debt Margin										
Debt Limit (15% of assessed value)	1,127,772	1,143,554	1,225,682	1,267,242	1,401,384	1,479,147	1,439,229	1,233,059	1,030,493	907,643
Debt applicable to limit:										
General obligation bonds	0	0	1,355	3,280	5,100	14,635	27,335	39,905	51,155	61,730
Leases	0	0	0	3,365	3,615	4,451	4,701	5,390	5,988	5,821
Total net debt applicable to the limit	0	0	1,355	6,645	8,715	19,086	32,036	45,295	57,143	67,551
Legal debt margin	$1,127,772	$1,143,554	$ 1,224,327	$ 1,260,597	$ 1,392,669	$ 1,460,061	$ 1,407,193	$1,187,764	$ 973,350	$ 840,092
Total net debt applicable to the limit as a percentage of debt limit.	0.00%	0.00%	0.11%	0.52%	0.62%	1.29%	2.23%	3.67%	5.55%	7.44%

Source: District records

Schedule of Principal Employers
Last Ten Years

Employer	2015 FTE (1)	2015 Rank	2015 Percent of Total County Employment	2014 FTE (1)	2014 Rank	2014 Percent of Total County Employment	2013 FTE (1)	2013 Rank	2013 Percent of Total County Employment	2012 FTE (1)	2012 Rank	2012 Percent of Total County Employment	2011 FTE (1)	2011 Rank	2011 Percent of Total County Employment
University of Arizona	11,235	1	2.4%	11,047	1	2.4%	10,846	1	2.4%	10,681	1	2.3%	10,481	2	2.2%
Raytheon Missile Systems	9,600	2	2.0%	9,933	2	2.2%	10,300	2	2.3%	10,500	2	2.3%	10,500	1	2.2%
State of Arizona	8,524	3	1.8%	9,439	3	2.1%	8,807	4	1.9%	9,061	3	2.0%	8,866	3	1.8%
Davis-Monthan Air Force Base	8,335	4	1.8%	8,933	4	2.0%	9,100	3	2.0%	8,566	4	1.9%	8,462	4	1.7%
Tucson Unified School District No. 1	7,134	5	1.5%	6,525	6	1.4%	6,790	6	1.5%	6,674	6	1.5%	6,709	6	1.4%
Pima County	7,023	6	1.5%	7,328	5	1.6%	6,076	9	1.3%	6,170	9	1.4%	6,403	7	1.3%
The University of Arizona Health Network (2)	6,542	7	1.4%	6,329	7	1.4%	6,099	8	1.3%	6,654	7	1.5%	5,982	9	1.2%
U.S. Customs and Border Protection/U.S. Border Patrol	6,470	8	1.4%				6,500	7	1.4%	6,000	10	1.3%			
Freeport-McMoRan Copper & Gold Inc.	5,800	9	1.2%	5,600	9	1.2%	5,463	10	1.2%						
Wal-Mart Stores Inc.	5,400	10	1.2%	5,200	10	1.1%	7,450	5	1.6%	7,300	5	1.6%	7,308	5	1.5%
U.S. Army Intelligence Center and Fort Huachuca				5,717	8	1.3%				6,198	8	1.4%	6,225	8	1.3%
City of Tucson													4,930	10	1.0%
Carondelet Health Network															
Total	76,063		16.2%	76,051		16.8%	77,431		17.1%	77,804		17.1%	75,866		15.6%
Total Work Force	469,400			452,676			453,200			455,900			485,800		

Source: 2015, 2014, 2013, 2012 and 2011: "The Star 200" - The Arizona Daily Star, www.dailystarads.azstarnet.com Previous years: Pima County Department of Finance (June 30, 2011 CAFR)
Notes: (1) FTE equals approximate full time equivalent employment.
(2) Formerly UA Healthcare

Schedule of Principal Employers (continued)

Last Ten Years

	2010			2009			2008			2007			2006		
Employer	FTE (1)	Rank	Percent of Total County Employment	FTE (1)	Rank	Percent of Total County Employment	FTE (1)	Rank	Percent of Total County Employment	FTE (1)	Rank	Percent of Total County Employment	FTE (1)	Rank	Percent of Total County Employment
University of Arizona	10,363	2	2.1%	10,575	2	2.2%	10,535	3	2.3%	10,354	2	2.3%	10,282	3	2.3%
Raytheon Missile Systems	12,140	1	2.5%	11,539	1	2.4%	12,515	1	2.7%	11,184	1	2.5%	10,756	2	2.4%
State of Arizona	8,708	3	1.8%	9,329	3	1.9%	10,754	2	2.3%	9,927	3	2.2%	9,742	4	2.2%
Davis-Monthan Air Force Base	7,755	4	1.6%	7,509	4	1.5%	7,701	5	1.7%	8,233	5	1.8%	8,233	5	1.9%
Tucson Unified School District No. 1	7,012	6	1.4%	7,227	5	1.5%	8,018	4	1.7%	7,419	6	1.6%	7,623	6	1.7%
Pima County	6,511	7	1.3%	6,235	8	1.3%	6,954	6	1.5%	7,290	7	1.6%	6,765	7	1.5%
The University of Arizona Health Network (2)															
U.S. Customs and Border Protection/U.S. Border Patrol															
Freeport-McMoRan Copper & Gold Inc.				5,987	9	1.2%	5,840	9	1.3%	4,900	10	1.1%	4,123	10	0.9%
Wal-Mart Stores Inc.	7,192	5	1.5%	6,715	6	1.4%	5,805	10	1.3%	5,625	9	1.2%	4,980	9	1.1%
U.S. Army Intelligence Center and Fort Huachuca	6,236	8	1.3%	6,463	7	1.3%	6,701	7	1.5%	9,119	4	2.0%	13,098	1	3.0%
City of Tucson	5,399	9	1.1%	5,635	10	1.2%	5,848	8	1.3%	5,848	8	1.3%	5,306	8	1.2%
Carondelet Health Network	4,566	10	0.9%												
Total	75,882		15.5%	77,214		15.9%	80,671		17.6%	79,899		17.6%	80,908		18.2%
Total Work Force	488,500			486,400			459,200			453,500			443,300		

Source: 2015, 2014, 2013, 2012 and 2011: "The Star 200" - The Arizona Daily Star, www.dailystarads.azstarnet.com Previous years: Pima County Department of Finance (June 30, 2011 CAFR)
Notes: (1) FTE equals approximate full time equivalent employment.
(2) Formerly UA Healthcare

Pima County Community College District
Demographic and Economic Information

Schedule of Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	County Population	Countywide Personal Income (in thousands)	Countywide Personal Income per Capita	Countywide Unemployment Rate
2015	1,015,100	$39,106,000	$38,524	5.5%
2014	1,002,700	$37,867,000	$37,765	6.9%
2013	996,700	$36,838,000	$36,960	7.6%
2012	990,300	$37,000,000	$37,361	9.7%
2011	976,900	$36,696,700	$35,885	9.1%
2010	1,030,700	$34,974,000	$33,931	8.6%
2009	1,017,200	$32,898,000	$32,343	7.9%
2008	1,016,600	$33,009,000	$32,470	4.7%
2007	1,002,800	$30,899,000	$30,813	3.3%
2006	983,600	$28,421,000	$28,894	4.4%

Source: 2015 Population and personal income data are forecast estimates obtained from "Arizona Economy" magazine's Forecast Tables. Countywide unemployment rate for June, 2015 obtained from "Arizona Economy" magazine's Arizona Economic Indicators for the Tucson Metropolitan Statistical Area (MSA). October 2015: Fall Issue. http://www.ebr.eller.arizona.edu

Pima County Community College District
Operating Information

Administrators, Faculty and Staff Statistics
Last Ten Fiscal Years

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Administrators										
Regular	56	56	55	54	53	53	53	62	56	56
Faculty										
Regular	390	391	391	391	392	388	389	387	362	380
Adjunct	547	569	630	692	772	742	703	629	551	564
Staff										
Regular	1,090	1,051	1,019	1,059	1,037	1,016	1,047	1,023	927	1,020
Temporary	157	168	162	192	197	206	203	177	190	189
Student	35	38	39	39	33	52	54	47	72	97

Source: District Records
Note: Figures for Regular positions are based on budgeted full-time equivalents. Figures for Adjunct, Temporary & Student positions are based on estimates from actual costs.

Pima County Community College District
Operating Information

Admissions, Enrollment and Degree Statistics
Last Ten Fiscal Years

	Fiscal Year									
	2015	2014	2013	2012	2011 (1)	2010	2009	2008	2007	2006
Students Statistics (2) (3)										
Part-Time %	68%	67%	66%	66%	66%	66%	71%	72%	72%	70%
Full-Time %	32%	33%	34%	34%	34%	34%	29%	28%	28%	30%
Degrees Awarded %	2,721	2,644	2,634	2,549	2,282	2,162	2,232	2,359	2,080	1,918
Certificates Awarded %	3,013	2,880	2,856	2,622	2,775	2,471	2,314	2,094	2,553	2,836
Ethnicity										
Hispanic/Latino %	39%	38%	36%	33%	30%	27%	27%	28%	30%	30%
Black or African American %	4%	5%	5%	5%	4%	4%	4%	4%	4%	4%
Asian %	3%	3%	4%	4%	4%	4%	3%	3%	4%	4%
American Indian or Alaska Native %	2%	2%	2%	3%	2%	3%	3%	2%	2%	2%
Two or More Races %	3%	3%	3%	3%	4%					
White %	43%	45%	47%	47%	47%	52%	53%	54%	54%	56%
Not Reported %	4%	3%	3%	5%	9%	10%	10%	9%	6%	4%
Gender										
Male %	44%	45%	45%	44%	44%	45%	45%	42%	41%	42%
Female %	51%	51%	52%	53%	54%	53%	54%	56%	57%	56%
Not Reported %	5%	4%	3%	3%	2%	2%	1%	2%	2%	2%

Source: District Records

Note (1) Starting in Fall 2010, PCCCD transitioned to new race/ethnicity categories as mandated by the Federal Integrated Postsecondary Education Data System. A survey was carried out during Fall 2010 in which students were asked if they were Hispanic or Latino and to select one or more of five race categories. If they selected "Yes" to Hispanic/Latino then they are counted in that category. If they responded "No", they are counted in the other categories. Students could choose more than one race and those students are reported as "Two or More Races." If students did not respond to the survey, they were mapped to the new categories based on data from previous semesters (if available). All other students were reported as unknown.

(2) Student statistics are based on credit students only.

(3) FT - PT status is based on Fall data.

Pima County Community College District
Operating Information

Historic Enrollment – Headcount and Full Time Student Equivalent
Last Ten Fiscal Years

	Fiscal Year									
	2015	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
HEADCOUNT										
Total District	44,513	49,504	53,550	59,303	62,973	61,961	62,306	61,925	62,360	62,252

	Fiscal Year									
	2015	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
FTSE										
Campus										
Community	2,145	2,255	2,500	2,688	2,902	2,860	3,165	2,871	2,846	3,085
Desert Vista	1,749	1,882	1,998	2,317	2,373	2,045	1,732	1,602	1,527	1,574
Downtown	2,948	3,411	3,773	4,271	4,441	4,346	3,922	3,909	3,704	3,776
East	2,437	2,652	2,845	3,302	3,520	3,461	3,142	2,997	2,946	3,017
Northwest	1,972	2,182	2,382	2,881	2,987	2,756	2,317	2,072	1,862	1,792
West	4,358	4,747	5,188	5,702	5,886	5,787	5,417	5,340	5,358	5,438
Center for Training & Dev.	201	245	256	296	342	245	234	145	231	324
Public Safety Institute	648	589	572	570	455	521	960	1,286	1,332	987
Total District	16,458	17,963	19,514	22,027	22,906	22,021	20,889	20,222	19,806	19,993

Source: District Records

Pima County Community College District
Operating Information

Schedule of Capital Asset Information
Fiscal Years 2015 to 2006

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Computer / Audio Visual	$ 7,035,466	$ 6,920,823	$ 7,923,704	$ 8,025,772	$ 8,417,256	$ 9,582,667	$ 8,855,484	$ 9,871,571	$ 11,279,651	$ 11,279,956
Education & Recreation	837,034	923,817	1,217,677	1,192,609	1,113,565	1,146,282	1,124,515	1,118,262	1,154,934	1,164,172
Library Books	7,165,411	7,322,133	7,401,241	7,248,861	7,089,440	6,839,290	7,008,859	6,820,816	6,500,768	6,216,833
Medical & Technical	9,992,965	8,661,480	7,390,865	6,033,567	5,421,527	5,203,044	4,775,005	3,749,130	3,172,234	2,632,126
Office Equipment & Furniture	216,382	250,107	421,304	479,842	563,088	917,161	1,205,699	1,470,064	1,634,443	1,809,859
Other	3,933,473	3,507,462	3,218,678	2,259,692	2,134,436	1,912,687	2,033,173	1,819,891	1,600,723	1,534,580
Physical Plant	2,006,180	1,980,542	2,127,709	2,242,208	2,242,137	2,208,687	2,225,582	1,369,761	1,411,883	1,388,668
Vehicles	3,720,857	3,664,253	3,606,332	3,441,151	3,332,506	3,374,845	3,168,611	3,091,815	3,044,515	2,749,032
Buildings	189,947,916	189,670,381	178,676,673	178,480,684	178,480,684	178,365,580	177,745,881	177,636,152	177,520,132	177,520,132
Construction in Progress	0	0	3,851,830	1,450,322	171,778	0	325,611	255,736	17,749	25,831
Land	10,971,088	10,971,088	10,971,088	10,971,088	10,971,088	10,971,088	10,971,088	10,971,088	10,971,088	10,971,088
Land Improvements	4,320,223	4,320,223	4,320,223	4,320,223	4,320,223	4,320,223	4,320,223	4,320,223	4,320,223	4,320,223
Leasehold Improvements	3,260,062	3,260,062	3,260,062	3,260,062	3,385,100	3,385,100	3,385,100	3,385,100	3,385,100	3,385,100
	$ 243,407,057	$ 241,452,371	$ 234,387,386	$ 229,406,081	$ 227,642,827	$ 228,226,654	$ 227,144,831	$ 225,879,609	$ 226,013,443	$ 224,997,600

Source: District Records
Note: Amounts shown are historical cost and do not include depreciation.

The Board of Governors of Pima County Community College District has affirmed that the College is an equal education/employment opportunity institution.

The College has policies relative to nondiscrimination on the basis of sex, sexual orientation, race, religion, color, national origin, age, disability and/or membership as set forth in USERRA. Such policies apply to all educational programs, services, activities, and facilities, and to all terms and conditions of employment.

For further information, you may contact the Affirmative Action/Equal Employment Opportunity Office, District Office, 4905C East Broadway Boulevard, Tucson, Arizona, 85709-1310.

Reasonable accommodations, including materials in an alternative format, will be made for individuals with disabilities when a minimum of five working days advance notice is given. For the general public, please contact the College information line at (520) 206-4500 or TTY (520) 206-4530; for College students, please contact the appropriate campus Access and Disability Resources (ADR) office.