

Comprehensive Annual Financial Report

■ Fiscal Year Ended June 30, 2017



PimaCountyCommunityCollegeDistrict



PimaCountyCommunityCollegeDistrict
District Office

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2017

Prepared by

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

Introductory Section

Message from the Chancellor	1
Letter of Transmittal	2
Certificate of Achievement.....	9
Organization Chart.....	10
List of Principal Officers.....	11
College Vision, Mission, and Values	12

Financial Section

Independent Auditors' Report.....	13
Management's Discussion and Analysis	15
Basic Financial Statements	21
Statement of Net Position	22
Statement of Revenues, Expenses and Changes in Net Position	23
Statement of Cash Flows	24
Notes to Financial Statements	26
Required Supplementary Information	40

Statistical Section

Financial Trends.....	42
Schedule of Net Position by Component	42
Schedule of Other Changes in Net Position	43
Schedule of Expenses by Identifiable Activity	44
Graph of Expenses by Identifiable Activity	45
Schedule of Revenues by Source	46
Graph of Revenues by Source	47
Revenue Capacity	48
Assessed Value and Full Cash Value of All Taxable Property	48
Property Tax Levies and Collections	49
Schedule of Principal Property Taxpayers	50
Property Tax Rates, Direct and Overlapping Governments	51
Schedule of Tuition	52
Debt Capacity	53
Schedule of Ratios of Outstanding Debt	53
Revenue Bond Coverage	54
Ratio of General Bonded Debt to Assessed Value and Net Bonded Debt per Capita	55
Computation of Direct and Overlapping Governmental Debt Outstanding	56
Ratio of Direct and Overlapping Debt to Property Values and per Capita	57
Legal Debt Margin	58
Demographic and Economic Information	59
Schedule of Principal Employers	59
Schedule of Demographic and Economic Statistics	60
Operating Information	61
Administrators, Faculty and Staff Statistics	61
Admissions, Enrollment and Degree Statistics	62
Historic Enrollment – Headcount and Full Time Student Equivalent	63
Schedule of Capital Asset Information	64
Statutory Limit to Budgeted Expenditures - Expenditure Limitation	65
Links to Additional Information	66



Introductory Section



PimaCountyCommunityCollegeDistrict



PimaCountyCommunityCollegeDistrict

Office of the Chancellor

4905C East Broadway Boulevard
Tucson, Arizona 85709-1005
Telephone (520) 206-4747
TTY (520) 206-4817
Fax (520) 206-4990
www.pima.edu

To the citizens of Pima County:

During the 2016-2017 academic year, Pima Community College continued to improve to ensure that we offer the best opportunities for our students, employees, and community.

An institution's finances reflect its values, and this Comprehensive Annual Financial Report documents the College's focus on our institutional North Star: student success, community engagement, and diversity.

We continue to align processes and programming to fulfill the Pima County Community College District's ongoing emphasis on open admissions and student success. We have made strides in ensuring future financial stability through reorganization, expense reduction, and constructive engagement with the State Legislature. Enrollment seems to be stabilizing, and we are proceeding with innovations in recruitment and streamlining the admissions process.

The College is championing new relationships with business and industry throughout the region and across borders to stimulate economic development and enhance opportunity for students.

Perhaps most significantly, thanks to the grit and creativity of faculty, staff, administrators, students, our Governing Board, and community partners, all sanctions have been removed by the Higher Learning Commission, the entity that accredits PCC. While earning the full degree of confidence from our accreditor is an unmistakable indicator of the College's health, we also recognize that it is but a necessary first step in our journey to becoming a premier community college.

This Report provides an in-depth look at the College's financial strength and offers extensive information in a format that has earned the College awards for 25 consecutive years. We are very proud of these awards and work hard to win them. This Report is supplemented by information made publicly available on the College's website.

The College remains committed to prudent stewardship of taxpayer dollars as we support our community through our 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."

Sincerely,

Lee D. Lambert, J.D.
Chancellor



PimaCountyCommunityCollegeDistrict

December 22, 2017

District Office

*Office of the Executive Vice Chancellor
for Finance and Administration
4905D East Broadway Boulevard
Tucson, Arizona 85709-1200
Telephone (520) 206-4519
Fax (520) 206-4516
www.pima.edu*

To the Governing Board and Citizens 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, 2017.

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) as prescribed by 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 and GASB 80, 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. 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, which 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 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 2017, 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 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 the second most populous in Arizona with a total population of about 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, which connects 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 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. A Schedule of Principal Employers may be found in the Statistical Section on page 59.

Economic Condition

Forecasts prepared by the Economic & Business Research Center at The University of Arizona's Eller College of Management indicate that Arizona's economic condition improved in 2017. Retail sales, which increased by 5.1 percent in 2017, demonstrated continued growth over the 2.3 percent increase in 2016. The growth rate in the state economy is anticipated to continue in 2018 and 2019. During fiscal year 2018, 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 5.8 percent and retail sales are forecasted to increase 4.1 percent in 2018.

Pima County's population is projected to increase by 0.5 percent from 2016 to 2017. Published forecasts show slight population gains of 0.7 percent projected for both 2018 and 2019. As of June 30, 2017, 473,360 persons were employed in Pima County. Employment trends showed that the County unemployment rate of 4.9 percent was slightly lower than the state rate of 5.1 percent at June 30, 2017.

According to June 2017 data published by the Tucson Association of Realtors, housing unit sales volume increased by 2.3 percent, and the average price of units sold increased by 1.5 percent producing an overall increase in the total dollar volume of housing sales of 3.8 percent.

Long-term Financial Planning

The College has sufficient resources to support its mission, vision, goals, and values while striving to provide affordable educational programs to the residents of Pima County. The budget development processes align with implementation of the College's strategic plan, creating a link between budgeting, planning, assessment of student learning, and evaluation of operations. The budget process is a system that serves as a blueprint to monitor and control ongoing operations.

The College leverages a range of information to ensure that it has sufficient financial 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, enrollment projections, expenditure limitation, property taxes, tuition and fees, capital project costs, estimated cost changes in employee benefits, and other major contractual costs. Using these data and adjusting such variables as projected enrollment, tuition and fees, and property tax revenues, the College can review and forecast different scenarios. Forecasting ensures the budget planning process fully considers possible fluctuations in both revenue sources and projected expenses while aligning projected revenues 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 creating adequate funding reserves for revenue shortfalls or unexpected expenditures without impairing the quality of service provided to the community.

For fiscal year 2017, major factors impacting the College budget included the continued expectation of zero state appropriations and aid for capital equipment, expenditure limitation, and completion of a reorganization of the College's academic divisions. Cost reduction strategies included campus/department consolidations, recruitment reviews, and a reduction in staffing through the elimination of vacant positions. Other strategies included minimizing capital budget expenses by lease purchasing equipment and providing funding for ongoing and future capital needs and program innovation as determined by the College's Educational and Facilities Master Plans.

Information about the College's finances is communicated externally and internally to the College's many constituents. At each regular meeting of the Governing Board, monthly financial reports are included in the meeting packet. In addition, the Governing Board's Finance and Audit Committee monitors financial reporting; investments; risk, internal control, and governance; and Internal Audit functions.

Major Program Initiatives

Accreditation

On February 23, 2017, the College's accreditor, the Higher Learning Commission (HLC), removed the sanction of Notice. The HLC's Board determined that the removal of the sanction was warranted based on evidence provided by the College, including the Notice Report, the report of the visiting team, the staff analysis of the sanction, and the College's responses to these reports. The HLC took this action based on the College's ability to demonstrate that it is no longer at risk of not meeting HLC's Criteria for Accreditation.

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 provided the overarching priorities for the institution during 2017. Each work-unit developed effectiveness and planning goals in support of the Strategic Plan. The district-wide Strategic Plan went into effect on July 1, 2014 and included direction for all aspects of the College, including budgeting, assessment of student learning, and evaluation of operations. The Strategic Plan provided guidance to the College and emphasized continuous improvement in service to students and the community through the following 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 2014-2017 Strategic Plan ended on June 30, 2017. In preparation for the development of the 2017-2021 plan, the College met with internal and external constituents, gaining insight to the diverse viewpoints and needs of the community. The resulting 2017-2021 Strategic Plan allocates resources to

further the College's mission fulfillment; harmonizes operations, budgeting, student learning assessment, and other College processes; and provides flexibility and adaptability in response to rapid changes in politics, economics, demographics, and technology. The Governing Board approved the plan, implementation of which began on July 1, 2017. The College's Executive Leadership Team (the Chancellor's cabinet) will provide active oversight of plan implementation, ensuring appropriate resource allocation and achievement of Key Performance Indicators to ensure progress and continued relevance to the College and its 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 College's General Counsel and provides reports to the Governing Board and the Finance and Audit Committee.

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. In fiscal year 2017, the College was also required to comply with Arizona Revised Statutes §15-1461.01 regarding Truth in Taxation because the levy the District's Governing Board approved for fiscal year 2018, and the District subsequently assessed, included a 3 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.

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. These and other financial reports are publicly available on the College's website, and links to these webpages

may be found on page 66.

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, property tax rates and levies for the College.

Governing Board's Finance and Audit Committee

As part of the College's continuing improvements in financial accountability and transparency, the Governing Board has a Finance and Audit Committee. As stated in its Charter, 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 Governing Board and other constituencies including the public. 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, 2017, 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, 2017.

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, 2016. This was the twenty-fifth 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. The College believes that the current CAFR continues to meet the Certificate of Achievement Program's requirements, and the CAFR will be submitted to the GFOA to determine its eligibility for another certificate.

Acknowledgements

We would like to express our appreciation for members of the Governing Board and Finance and Audit Committee, who volunteer their time and expertise on a regular basis to guide 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.
Executive Vice Chancellor
for Finance and Administration

Ina Lancaster
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

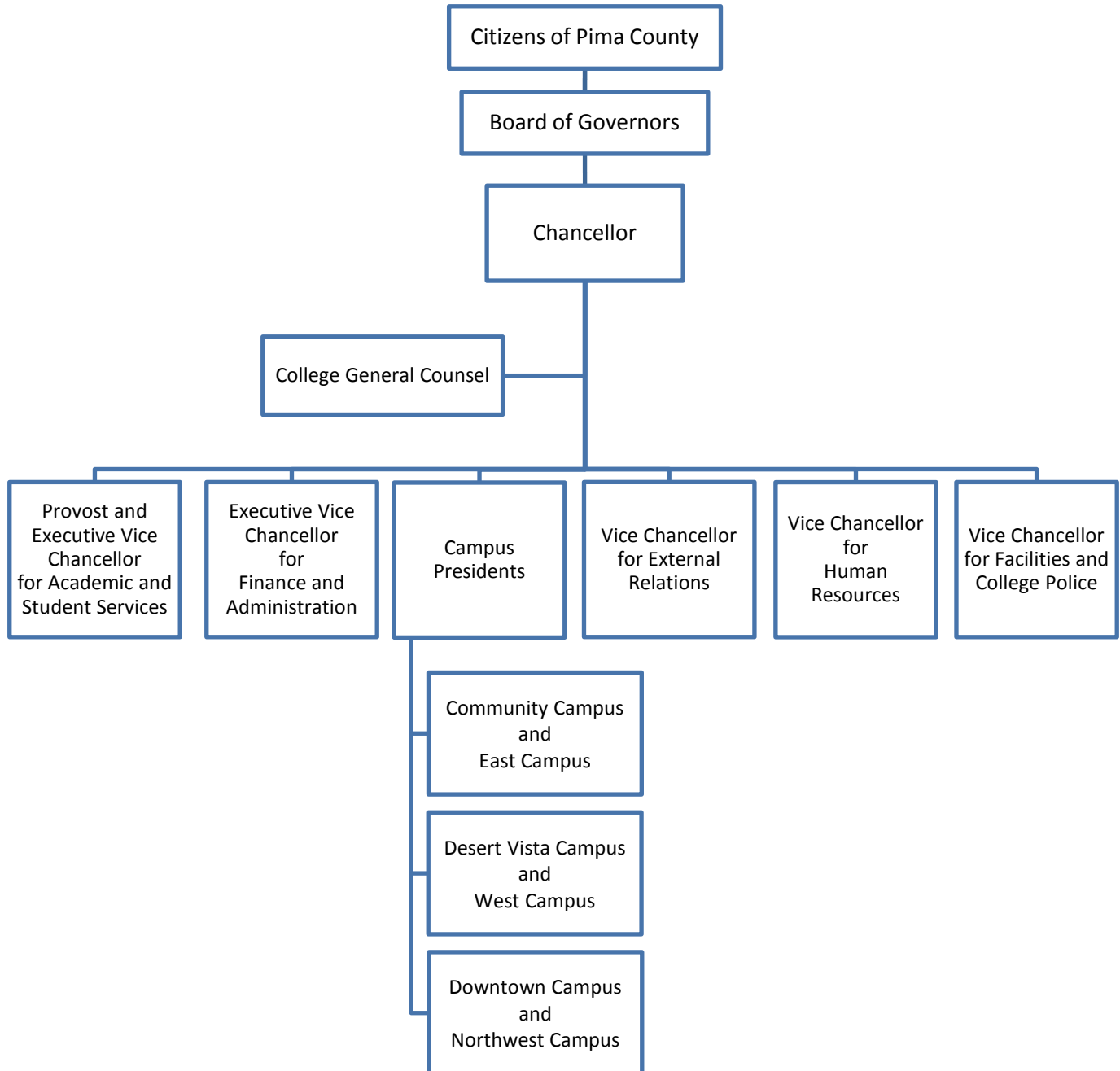
June 30, 2016

Executive Director/CEO

Organization Chart*



Pima County Community College District



* as of October 31, 2017

List of Principal Officers*



PimaCountyCommunityCollegeDistrict

Board of Governors - 2017

Mark Hanna, Chair, District 1
Demion Clinco, Secretary, District 2
Sylvia M. Lee, Ph.D., Member, District 3
Meredith Hay, Ph.D., Member, District 4
Luis Gonzales, Member, District 5

District Administration

Lee D. Lambert, J.D., *Chancellor*
Dr. Dolores M. Duran-Cerda, *Provost and Executive Vice Chancellor for Academic and Student Services*
Dr. David W. Bea, *Executive Vice Chancellor for Finance and Administration*
Daniel Berryman, *Vice Chancellor for Human Resources*
Lisa Brosky, *Vice Chancellor for External Relations*
Dr. David Doré, *President, Downtown Campus and Northwest Campus*
Dr. Lorraine Morales, *President, Community Campus and East Campus*
Dr. Morgan A. Phillips, *President, Desert Vista Campus and West Campus*
Jeffrey Silvyn, J.D., *College General Counsel*
William R. Ward II, *Vice Chancellor for Facilities and College Police*

*as of October 31, 2017

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 Pima Community 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.



Financial Section



PimaCountyCommunityCollegeDistrict



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
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, 2017, 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 other auditors' report. 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 other auditors did not audit the discretely presented component unit's financial statements 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.

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, 2017, 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.

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 on page 40, and schedule of college pension contributions on page 40 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 solely 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 the effectiveness of the District's 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 22, 2017

Management's Discussion and Analysis

Introduction

This section of the College's Comprehensive Annual Financial Report was prepared by the College's management and presents management's discussion and analysis of the College's financial activity for the fiscal year ended June 30, 2017. Please read it in conjunction with the transmittal letter on page 2, 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*, which is not presented because it is not required by generally accepted accounting principles for public colleges.

The Statement of Net Position presents the financial position of the College as of June 30, 2017. 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 and the Foundation.

The Statement of Revenues, Expenses and Changes in Net Position presents the results of operations for the College and the 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, 2017. 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.

Management's Discussion and Analysis

Financial Highlights and Analysis

Statement of Net Position

The College's overall financial position increased in fiscal year 2017 with a total net position increase of \$5.6 million from \$66.3 million to \$71.9 million. The increase was primarily due to an increase in total assets of \$1.3 million. This change is attributable to an increase in cash and cash equivalents of \$10.3 million offset by a decrease in capital assets of \$5.9 million.

In addition, there was a \$2.9 million decrease in current liabilities. This included a \$2.2 million decrease in deferred pay due to the timing of the year end payroll, and a \$0.3 million decrease in payables to the employee medical benefits provider.

There was also an increase of \$1.2 million due to changes in pension related amounts. Specifically, a \$11.3 million increase in deferred outflows related to pensions, offset by a \$4.1 million increase in net pension liability and a \$6.1 increase in deferred inflows related to pensions. Additional information on the pension liabilities can be found in Note 5 on page 31.

Statement of Revenues, Expenses and Changes in Net Position

Compared to the prior year, total revenues decreased slightly by \$0.2 million, while total expenses decreased by \$7.5 million. This resulted in a \$7.3 million improvement in our change in net position compared to the prior year. This is the result of a continued effort to reduce college expenses.

Operating revenues, which consist of tuition and fees, contracts, and other incomes directly attributable to the day-to-day business activities of the College, increased 0.9 percent from \$33.8 million to \$34.1 million. Net tuition and fees revenue increased \$1.0 million due to a 4.0 percent increase in tuition rate per credit hour against a 3.9 percent decrease in enrollment.

Nonoperating revenues consist of property taxes, grants, gifts, investment income, and other income sources that are related, but not directly attributable, to the day-to-day business activities of the College. Nonoperating revenues decreased \$0.5 million or 0.3 percent. Property tax revenue increased \$3.5 million due to new properties being added to the tax roll and an increase in the College's primary property tax levy of 1.0 percent. Federal grant revenue decreased \$3.5 million, or 8.3 percent, due to a \$3.5 million decrease in Pell grants. This reduction was related to the decrease in enrollment and was similar to the prior year's decrease.

Operating expenses consist of personnel, supplies, contracts, services, and other expenses that are directly attributable to the day-to-day business activities of the College and are presented by functions. Operating expenses decreased by \$7.5 million, or 4.0 percent, due to the College's budget planning efforts to reduce expenses during the year to ensure compliance with state expenditure limitations and the reality of declining enrollment.

Salaries and benefits decreased a net \$4.6 million, or 3.7 percent, due to the College reorganization, a third straight year of no salary pool increases, holding positions vacant, and position eliminations. Other operating expenses decreased \$2.9 million due to a reduction in expenses College-wide. This decrease consists mainly of \$2.2 million in student financial aid related expenses, and, \$0.6 million in supplies and materials.

Management's Discussion and Analysis

Capital Assets and Debt Administration

Total net capital assets decreased by \$5.9 million, to \$100.3 million, a 5.6 percent decrease from the prior year. This decrease is primarily due to depreciation expense of \$7.7 million and capital asset additions of \$1.8 million. Note 3 to the basic financial statements, on page 31, includes additional information on capital asset activity and descriptions of the asset categories.

At June 30, 2017, the College had no outstanding debt.

Note 4 to the basic financial statements beginning on page 31 shows additional detail on long-term liabilities.

Economic Outlook

Historically, when economic conditions are improving, enrollment in community colleges decreases. The College experienced decreased enrollment of full-time student equivalents (FTSE) of 3.9 percent for fiscal year 2017 when compared to the previous fiscal year. At the time of writing, estimated FTSE for the fall 2017 term is about the same as the prior year.

Sun Corridor, Inc., which coordinates economic development activities for Southern Arizona, is at the forefront of economic development for the region. Recent successes include development and implementation of the [Economic Blueprint](#); expanding the Foreign Trade Zone program; and facilitating relocations and expansions for Caterpillar Surface Mining & Technology, Raytheon Missile Systems, Lucid Motors, and Vector Space Systems.

In support of the Center of Excellence Model in PCC's Educational and Facilities Master Plans, the College is continuing to strengthen ties within the community to provide educational and workforce programs in response to the needs of local employers looking to hire new personnel and develop their existing staff.

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, 4905D East Broadway Boulevard, Tucson, AZ, 85709-1200.

Condensed Financial Information

Summarized Schedule of Assets, Liabilities and Net Position

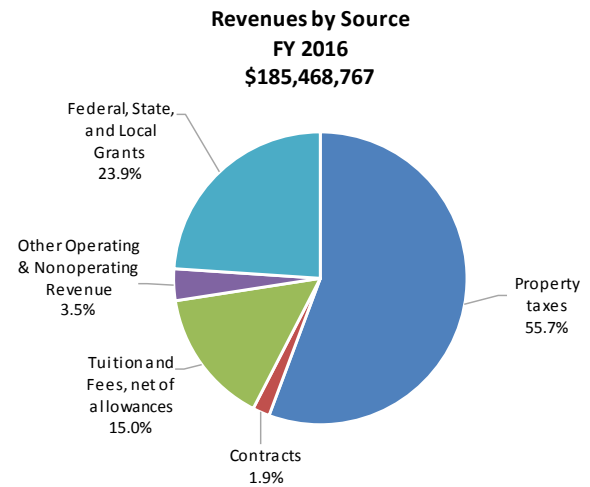
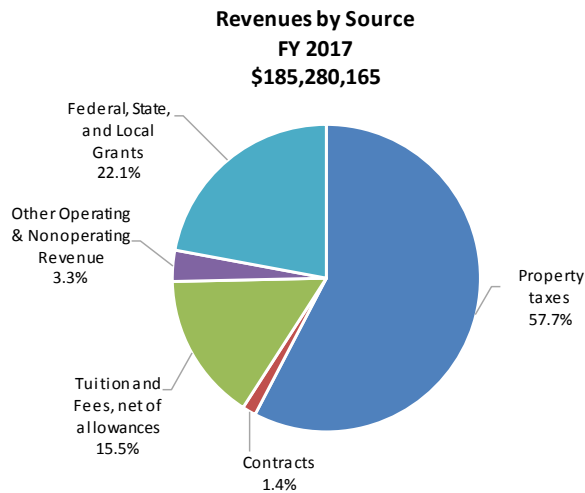
	As of <u>June 30, 2017</u>	As of <u>June 30, 2016</u>	<u>% Change</u>
Assets			
Current Assets	\$ 91,822,400	\$ 84,640,431	8.5%
Noncurrent Assets – Restricted	437,045	219,424	99.2%
Capital Assets, net	100,330,570	106,258,844	-5.6%
Other Noncurrent Assets	31,096,442	31,261,649	-0.5%
Total Assets	223,686,457	222,380,348	0.6%
Deferred Outflows of Resources			
Deferred Outflows Related to Pensions	25,132,919	13,787,355	82.3%
Total Deferred Outflows of Resources	25,132,919	13,787,355	82.3%
Liabilities			
Other Liabilities	18,952,240	21,811,285	-13.1%
Long-term Liabilities			
Compensated Absences	3,179,356	3,441,777	-7.6%
Net Pension Liability	137,501,128	133,407,309	3.1%
Total Liabilities	159,632,724	158,660,371	0.6%
Deferred Inflows of Resources			
Deferred Inflows Related to Pensions	17,294,371	11,220,046	54.1%
Total Deferred Inflows of Resources	17,294,371	11,220,046	54.1%
Net Position			
Net Investment in Capital Assets	100,330,570	106,258,844	-5.6%
Restricted Net Position	11,339,876	10,126,191	12.0%
Unrestricted Net Position (Deficit)	(39,778,165)	(50,097,749)	-20.6%
Total Net Position	\$ 71,892,281	\$ 66,287,286	8.5%

Summarized Schedule of Revenues, Expenses and Changes in Net Position

	For the year ended <u>June 30, 2017</u>	For the year ended <u>June 30, 2016</u>	<u>% Change</u>
Operating Revenues			
Tuition and Fees (net of allowances)	\$ 28,834,580	\$ 27,792,518	3.7%
Contracts	2,660,348	3,485,053	-23.7%
Commissions and Rents	1,720,067	1,658,484	3.7%
Other Operating Revenues	924,054	912,844	1.2%
Total Operating Revenues	34,139,049	33,848,899	0.9%
Total Operating Expenses	179,653,104	187,148,065	-4.0%
Operating Loss	(145,514,055)	(153,299,166)	-5.1%
Nonoperating Revenues (Expenses)			
Property Taxes	106,823,980	103,274,540	3.4%
Federal Grants	39,352,391	42,891,284	-8.3%
State and Local Grants	1,544,239	1,523,348	1.4%
Investment Income	323,910	710,033	-54.4%
Other Nonoperating Revenues, net	3,057,076	3,183,008	-4.0%
Loss on Capital Asset Disposal	(22,066)	(19,361)	14.0%
Net Nonoperating Revenues	151,079,530	151,562,852	-0.3%
Gain (Loss) before Capital Gifts and Grants	5,565,475	(1,736,314)	-420.5%
Capital Gifts and Grants	39,520	37,655	5.0%
Increase (Decrease) in Net Position	5,604,995	(1,698,659)	-430.0%
Net Position, beginning of year	66,287,286	67,985,945	-2.5%
Net Position, end of year	\$ 71,892,281	\$ 66,287,286	8.5%

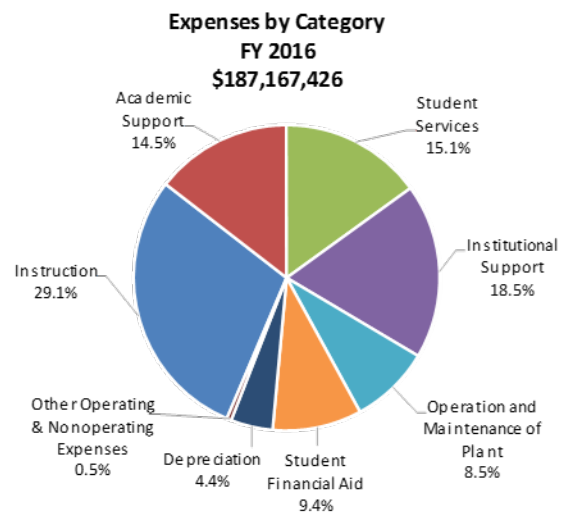
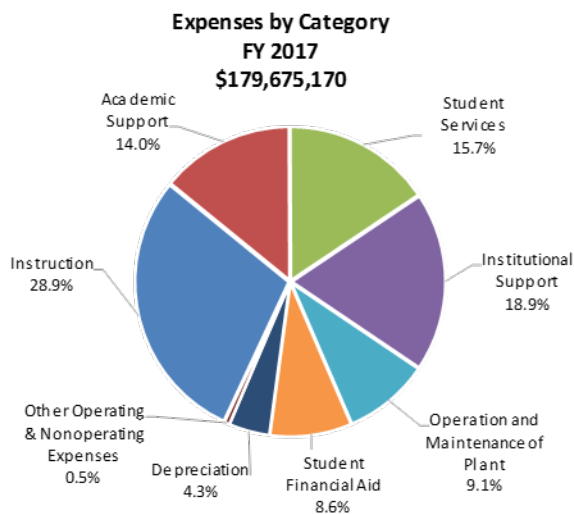
Revenues by Source

	<u>FY 2017</u>	<u>FY 2016</u>	<u>\$ Change</u>	<u>% Change</u>
<u>Operating Revenues</u>				
Tuition and Fees (net of allowances) \$	28,834,580	\$ 27,792,518	\$ 1,042,062	3.7%
Contracts	2,660,348	3,485,053	(824,705)	-23.7%
Commissions and Rents	1,720,067	1,658,484	61,583	3.7%
Other Operating Revenues	924,054	912,844	11,210	1.2%
Total Operating Revenues	34,139,049	33,848,899	290,150	0.9%
<u>Nonoperating Revenues</u>				
Property Taxes	106,823,980	103,274,540	3,549,440	3.4%
Federal Grants	39,352,391	42,891,284	(3,538,893)	-8.3%
State and Local Grants	1,544,239	1,523,348	20,891	1.4%
Share of State Sales Tax	2,341,003	2,282,341	58,662	2.6%
Gifts	711,223	843,947	(132,724)	-15.7%
Investment Income	323,910	710,033	(386,123)	-54.4%
Other Nonoperating Revenues, net	4,850	56,720	(51,870)	-91.4%
Total Nonoperating Revenues	151,101,596	151,582,213	(480,617)	-0.3%
Capital Gifts and Grants	39,520	37,655	1,865	5.0%
Total Revenues	\$ 185,280,165	\$ 185,468,767	(\$188,602)	-0.1%



Expenses by Category

	<u>FY 2017</u>	<u>FY 2016</u>	<u>\$ Change</u>	<u>% Change</u>
<u>Operating Expenses</u>				
Educational and General				
Instruction	\$ 52,009,785	\$ 54,486,848	(\$2,477,063)	-4.5%
Academic Support	25,221,536	27,061,889	(1,840,353)	-6.8%
Student Services	28,146,761	28,184,238	(37,477)	-0.1%
Institutional Support	33,893,651	34,664,541	(770,890)	-2.2%
Operation and Maintenance of Plant	16,299,388	15,905,619	393,769	2.5%
Student Financial Aid	15,449,569	17,646,631	(2,197,062)	-12.5%
Auxiliary Enterprises	931,331	876,462	54,869	6.3%
Depreciation	7,701,083	8,321,837	(620,754)	-7.5%
Total Operating Expenses	179,653,104	187,148,065	(7,494,961)	-4.0%
<u>Nonoperating Expenses</u>				
Loss on Capital Asset Disposal	22,066	19,361	2,705	14.0%
Total Nonoperating Expenses	22,066	19,361	2,705	14.0%
Total Expenses	\$ 179,675,170	\$ 187,167,426	(\$7,492,256)	-4.0%



Basic Financial Statements

Statement of Net Position

As of June 30, 2017

	Primary Government College	Component Unit Foundation
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 54,426,601	\$ 678,978
Short-term Investments	25,300,244	
Receivables		
Property Taxes (less allowance of \$1,120,330)	3,520,147	
Accounts (less allowance of \$1,279,636)	2,871,117	
Government Grants and Contracts	2,861,450	
Other (less allowance of \$134,766)	1,609,308	
Inventories	100,183	
Prepaid Expenses	1,133,350	18,055
Total Current Assets	91,822,400	697,033
Noncurrent Assets		
Restricted Cash and Cash Equivalents	437,045	
Other Long-term Investments	31,096,442	7,458,993
Capital Assets		
Land and Improvements	15,291,311	
Construction in Progress	47,392	
Buildings and Improvements (net of depreciation)	77,148,029	
Equipment (net of depreciation)	4,709,917	
Leasehold Improvements (net of depreciation)	1,314,955	
Library Books (net of depreciation)	1,818,966	
Total Noncurrent Assets	131,864,057	7,458,993
Total Assets	223,686,457	8,156,026
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	25,132,919	
Total Deferred Outflows of Resources	25,132,919	
Liabilities		
Current Liabilities		
Accrued Payroll and Employee Benefits	5,818,132	
Accounts Payable and Accrued Liabilities	4,076,128	98,335
Deposits Held in Custody for Others	489,468	
Unearned Revenue	3,826,637	
Current Portion of Long-term Liabilities, Compensated Absences	4,741,875	
Total Current Liabilities	18,952,240	98,335
Noncurrent Liabilities		
Long-term Liabilities		
Compensated Absences Payable	3,179,356	
Net Pension Liability	137,501,128	
Total Noncurrent Liabilities	140,680,484	
Total Liabilities	159,632,724	98,335
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions	17,294,371	
Total Deferred Inflows of Resources	17,294,371	
Net Position		
Net Investment in Capital Assets	100,330,570	
Restricted for:		
Expendable:		
Grants and Contracts	11,339,876	
Scholarships and Other Programs		2,462,262
Nonexpendable:		
Permanently Restricted Endowment		5,441,676
Unrestricted (Deficit)	(39,778,165)	153,753
Total Net Position	\$71,892,281	\$8,057,691

See accompanying notes to financial statements

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2017

	Primary Government College	Component Unit Foundation
Operating Revenues		
Tuition and Fees (net of scholarship allowances of \$14,570,911)	\$ 28,834,580	
Contracts	2,660,348	
Commissions and Rents	1,720,067	
Other Operating Revenues	924,054	\$ 946,435
Total Operating Revenues	34,139,049	946,435
Operating Expenses		
Educational and General		
Instruction	52,009,785	
Academic Support	25,221,536	
Student Services	28,146,761	
Institutional Support	33,893,651	1,008,261
Operation and Maintenance of Plant	16,299,388	
Student Financial Aid	15,449,569	295,620
Auxiliary Enterprises	931,331	
Depreciation	7,701,083	
Total Operating Expenses	179,653,104	1,303,881
Operating Loss	(145,514,055)	(357,446)
Nonoperating Revenues (Expenses)		
Property Taxes	106,823,980	
Federal Grants	39,352,391	
State and Local Grants	1,544,239	
Share of State Sales Tax	2,341,003	
Gifts	711,223	45,047
Investment Income	323,910	736,036
Other Nonoperating Revenue, net	4,850	
Loss on Capital Asset Disposal	(22,066)	
Net Nonoperating Revenues	151,079,530	781,083
Income Before Other Revenues, Expenses, Gains, or Losses	5,565,475	423,637
Capital Gifts and Grants	39,520	
Increase in Net Position	5,604,995	423,637
Net Position		
Net Position, July 1, 2016	66,287,286	7,634,054
Net Position, June 30, 2017	\$71,892,281	\$8,057,691

See accompanying notes to financial statements

Statement of Cash Flows
For the Year Ended June 30, 2017

**Primary Government
College**

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and Fees	\$ 28,555,564
Contracts	2,660,348
Commissions and Rents	1,657,264
Other Receipts	1,693,484
Payments to Suppliers and Providers of Goods and Services	(36,781,513)
Payments for Employee Wages and Benefits	(123,885,655)
Payments for Scholarships	(15,449,439)
Net Cash Used for Operating Activities	<u>(141,549,947)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Property Taxes	107,816,063
Grants	42,269,056
Share of State Sales Tax	2,341,003
Federal Direct Loans Received	12,075,221
Federal Direct Loans Disbursed	(11,916,722)
Deposits Held in Custody for Others Received	903,943
Deposits Held in Custody for Others Disbursed	(844,819)
Gifts	711,223
Net Cash Provided by Noncapital Financing Activities	<u>153,354,968</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchases of Capital Assets	<u>(1,755,355)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(1,755,355)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sales and Maturities of Investments	51,155,687
Purchases of Investments	(51,631,176)
Interest Received on Investments	811,597
Net Cash Provided by Investing Activities	<u>336,108</u>
Net Increase in Cash and Cash Equivalents	10,385,774
Cash and Cash Equivalents - July 1, 2016	44,477,872
Cash and Cash Equivalents - June 30, 2017	<u>\$ 54,863,646</u>

*See accompanying notes to financial statements
(Continued)*

Statement of Cash Flows
For the Year Ended June 30, 2017

**Primary Government
College**

RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES

Operating Loss	\$ (145,514,055)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation Expense	7,701,083
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:	
Decrease in Receivables, Net	567,741
Decrease in Inventories	26,909
Decrease in Prepaid Expenses	105,446
Increase in Deferred Outflows of Resources Related to Pensions	(11,345,564)
Decrease in Accrued Payroll and Employee Benefits	(2,194,257)
Decrease in Accounts Payable and Accrued Liabilities	(836,144)
Decrease in Unearned Revenue	(140,130)
Decrease in Long-term Liabilities (Compensated Absences Portion)	(89,120)
Increase in Net Pension Liability	4,093,819
Increase in Deferred Inflows of Resources Related to Pensions	6,074,325
Net Cash Used for Operating Activities	<u>\$ (141,549,947)</u>

Non-cash Transactions Not Included in Above Statement:

<i>Net loss on disposal of capital assets with an original cost of \$1,430,407 and accumulated depreciation of \$1,408,341</i>	\$ (22,066)
<i>Donated Capital Assets</i>	39,520
<i>Net Decrease Fair Market Value of Investments</i>	(306,862)

See accompanying notes to financial statements

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, 2017, the College implemented the provisions of GASB Statement No. 77, *Tax Abatement Disclosures*, which establishes standards for disclosing tax abatement agreements the College entered into and agreements that other governments entered into that reduced the College's tax revenues. The implementation of GASB Statement No. 77 had no material impact on the College's fiscal year 2017 financial statements. The College also implemented the provisions of GASB No. 80, *Blending Requirements for Certain Component Units – An amendment of GASB Statement No. 14*. GASB Statement No. 80 amends the blending requirements for the financial statement presentation of certain component units. The implementation of GASB Statement No. 80 had no material impact on the College's fiscal year 2017 financial statements. In addition, the College implemented the provisions of GASB No. 82, *Pension Issues – An amendment of GASB 67, 68 and 73*, which changed the measure of payroll that is required to be presented in Required Supplementary Information from covered-employee payroll to covered payroll.

Reporting Entity:

The College is a special-purpose government that a separately elected governing body governs. 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 Statements for nonprofit organizations. 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, 2017, the Foundation distributed \$103,805 of in-kind gifts, and \$727,255 in scholarships for these purposes. Additionally, the College provided salary and employee related expenses to the Foundation totaling \$313,090. Notes to the financial statements for the Foundation are included in Note 8. Complete financial statements can be obtained from the Foundation located 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

Notes to Financial Statements

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 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. 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 with a maturity of 3 months or less when purchased. 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 acquisition 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.

Notes to Financial Statements

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. 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 unused sick leave 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, Optional Retirement Plan, or the Public Safety Personnel Retirement System. Vested unused sick leave is payable to regular employees upon retirement at a rate of 75 percent of the employee's then current daily rate of pay to a maximum of \$100 per day, for a maximum of 100 days (\$10,000 maximum). Vested unused 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.

Alternately, regular full-time employees hired on or after July 1, 1999 who separate from the College as a result of his/her death are eligible for the sick leave payment benefit provision described above. Similarly, this benefit is paid at 75 percent of the employee's then current daily rate of pay for all accumulated unused sick leave limited to a maximum of \$100 per day, for a maximum of 100 days (\$10,000 maximum). 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 scholarship allowances. These allowances are netted against tuition and fees

Notes to Financial Statements

revenues in the Statement of Revenues, Expenses, and Changes in Net Position.

2. 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, 2017, the carrying amount of the College's deposits was \$46,970,559 and the bank balance was \$49,917,720. The College does not have a formal policy regarding custodial credit risk for deposits.

Investments:

The College's investments are categorized within the fair value hierarchy established by generally accepted accounting principles. Investments categorized as Level 1 inputs are valued using prices quoted in active markets for those investments. Investments categorized as Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on their relationship to benchmark quoted prices. Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the College held. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. The investment in the County Treasurer's investment pool is valued using the College's proportionate participation in the pool because the pool's structure does not provide for shares. The State Board of Investment provides oversight for the State Treasurer's investment pools. No comparable oversight is provided for the County Treasurer's investment pool. The College's investments at June 30, 2017, were as follows:

		Fair value measurement using	
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Investments by fair value level	Amount		
US Treasury	\$ 20,851,203	\$ 20,851,203	
US Agency Securities	32,716,667		\$ 32,716,667
Corporate Bonds and Notes	2,828,816		2,828,816
Total investments by fair value level	\$ 56,396,686	\$ 20,851,203	\$ 35,545,483
External investment pools measured at fair value	Amount		
State Treasurer's Investment Pool #5	\$ 6,377,077		
County Treasurer's Investment Pool	1,500,310		
Total external investment pools measured at fair value	7,877,387		
Total investments	\$ 64,274,073		

Notes to Financial Statements

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, 2017:

Investment Type	S&P Rating			Unrated	Amount
	AAAf/S1+	AAA	AA		
State Treasurer's Investment Pool #5	\$ 6,377,077				\$ 6,377,077
County Treasurer's Investment Pool				\$ 1,500,310	1,500,310
US Agency Securities		\$ 400,912	\$ 15,172,464	17,143,291	32,716,667
Corporate Bonds and Notes		489,215	2,339,601		2,828,816
Total investments subject to credit risk	\$ 6,377,077	\$ 890,127	\$ 17,512,065	\$ 18,643,601	\$ 43,422,870

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, 2017, of 5% or more in Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC) and Federal Home Loan Banks (FHLB). These investments were 23.23%, 14.49%, and 11.36%, 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, 2017, the College had the following investments in debt securities:

Investment Type	Amount	Investment Maturities			
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
State Treasurer's Investment Pool #5	\$ 6,377,077	\$ 6,377,077			
County Treasurer's Investment Pool	1,500,310	1,500,310			
US Treasury	20,851,203	20,354,388	\$ 496,815		
US Agency Securities	32,716,667	10,665,111	21,449,255	\$ 288,348	\$ 313,953
Corporate Bonds and Notes	2,828,816		2,828,816		
Total investments	\$ 64,274,073	\$ 38,896,886	\$ 24,774,886	\$ 288,348	\$ 313,953

A reconciliation of cash, deposits, and investments to amounts shown on the statement of net position follows:

Cash, Deposits and Investments	Amount	Statement of Net Position	Amount
Cash on hand	\$ 15,700	Cash and cash equivalents	\$ 54,426,601
Amount of deposits	46,970,559	Current investments	25,300,244
Amount of investments	64,274,073	Restricted Assets:	
Total	\$ 111,260,332	Cash and cash equivalents	437,045
		Other long term investments	31,096,442
		Total	\$ 111,260,332

Notes to Financial Statements

3. CAPITAL ASSETS

The College's capital asset activity for the year ended June 30, 2017, is detailed below.

Description	Balance 07/01/2016	Increases	Decreases	Balance 06/30/2017
Land and improvements	\$ 15,291,311			\$ 15,291,311
Construction in progress		\$ 47,392		47,392
Depreciable assets				
Buildings and improvements	190,452,158			190,452,158
Equipment	29,248,987	1,339,134	\$ 767,009	29,821,112
Leasehold improvements	3,260,062			3,260,062
Library books	7,307,717	408,349	663,399	7,052,667
Total capital assets	\$ 245,560,235	\$ 1,794,875	\$ 1,430,408	\$ 245,924,702
Less accumulated depreciation:				
Buildings and improvements	108,776,152	4,527,977		113,304,129
Equipment	23,208,658	2,647,480	744,943	25,111,195
Leasehold improvements	1,826,207	118,900		1,945,107
Library books	5,490,374	406,726	663,399	5,233,701
Total accumulated depreciation	139,301,391	7,701,083	1,408,342	145,594,132
Capital assets, net	\$ 106,258,844	\$ (5,906,208)	\$ 22,066	\$ 100,330,570

4. LONG-TERM LIABILITIES

The following schedule details the College's long-term liability and obligation activity for the year ended June 30, 2017:

Description	Balance 07/01/2016	Additions	Reductions	Balance 6/30/2017	Due Within One Year
Compensated absences	\$ 8,010,350	\$ 4,841,119	\$ 4,930,238	\$ 7,921,231	\$ 4,741,875
Net Pension Liability	133,407,309	4,093,819		137,501,128	
Total long-term liabilities	\$ 141,417,659	\$ 8,934,938	\$ 4,930,238	\$ 145,422,359	\$ 4,741,875

5. PENSION AND OTHER POSTEMPLOYMENT BENEFITS

The College contributes to two defined benefit retirement plans: the Arizona State Retirement System (ASRS) and the Public Safety Personnel Retirement System (PSPRS). Although a PSPRS net pension liability has been recorded at June 30, 2017, PSPRS has not been further disclosed due to its relative insignificance to the College's financial statements. At June 30, 2017, the College reported the following aggregate amounts related to pensions for the two plans:

Net pension liabilities	\$137,501,128
Deferred outflows of resources	25,132,919
Deferred inflows of resources	17,294,371
Pension expense	7,325,521

Notes to Financial Statements

Arizona State Retirement System

Plan description:

College employees, other than police, may 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 website 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:	
	<u>Before July 1, 2011</u>	<u>On or after July 1, 2011</u>
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 earnings. 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 retirement benefit option chosen determines the survivor benefit. 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, 2017, statute required active ASRS members to contribute at the actuarially determined rate of 11.48 percent (11.34 percent for retirement and 0.14

Notes to Financial Statements

percent for long-term disability) of the members' annual covered payroll, and statute required the College to contribute at the actuarially determined rate of 11.48 percent (10.78 percent for retirement, 0.56 percent for health insurance premium benefit, and 0.14 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 9.47 percent (9.17 percent for retirement, 0.21 percent for health insurance premium benefit, and 0.09 percent for long-term disability) of annual covered payroll of retired members who worked for the College in positions that an employee who contributes to ASRS would typically fill. The College's contributions to the pension plan for the year ended June 30, 2017, were \$7,985,084.

The College's OPEB contributions for the current and two preceding fiscal years, 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
2017	\$ 410,413	\$ 103,438	\$ 513,851
2016	378,976	91,511	470,487
2015	447,023	91,030	538,053

Pension liability:

At June 30, 2017, the College reported a liability of \$131,576,627 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2016. 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, 2015, to the measurement date of June 30, 2016. The total pension liability as of June 30, 2016, reflects a change in actuarial assumption for a decrease in loads for future potential permanent benefit increases. 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, 2016. The College's proportion measured as of June 30, 2016, was 0.81517 percent, which was a decrease of 0.00859 from its proportion measured as of June 30, 2015.

Pension expense and deferred outflows/inflows of resources:

For the year ended June 30, 2017, the College recognized pension expense for ASRS of \$6,425,803. At June 30, 2017, 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	\$ 799,582	\$ 9,051,510
Changes of assumptions or other inputs		6,961,455
Net difference between projected and actual earnings on pension plan investments	14,258,527	
Changes in proportion and differences between college contributions and proportionate share of contributions	197,040	972,437
College contributions subsequent to the measurement date	7,985,084	
Total	\$ 23,240,233	\$ 16,985,402

Notes to Financial Statements

The \$7,985,084 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, 2018. 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:

Years ending June 30:

2018	\$ (6,464,025)
2019	(4,985,617)
2020	5,721,340
2021	3,998,049

Actuarial assumptions:

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

Actuarial valuation date	June 30, 2015
Actuarial roll forward date	June 30, 2016
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, 2015, 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 8.75 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	58%	6.73%
Fixed income	25%	3.70%
Real estate	10%	4.25%
Multi-asset	5%	3.41%
Commodities	2%	3.84%
Total	<u>100%</u>	

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 8.75 percent. The projection of cash flows used to determine the

Notes to Financial Statements

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	\$ 167,770,191	\$ 131,576,627	\$ 102,557,300

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 \$737,361 of outstanding pension contribution amounts payable to ASRS for the year ended June 30, 2017, which includes \$5,691 for alternate contributions for retirees.

6. 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 purchases property insurance through a property program pool with other higher learning institutions across several states. Each member institution retains a deductible that is applied to each claim. In case of a loss, the program's loss fund is responsible for the first \$1.0 million of loss per occurrence per annum in excess of the deductible and if the programs' total claims exceed its loss fund in any given year, the excess claims are covered by the program's insurer. The College also carries commercial insurance coverage for other risks of loss, including workers' compensation, student athlete accident insurance, fiduciary and cyber liability. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Notes to Financial Statements

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 percent of projected medical claims. The College utilizes a consultant to determine the required funding annually based upon anticipated utilization, cost trends, and benefit levels for each plan. Third party administrators provide claim and record-keeping services for the plans. Settled claims resulting from these risks have not exceeded stop loss commercial insurance coverage in any of the past three fiscal years.

The insurance claims payable of \$594,300 at June 30, 2017, includes the amounts payable for both health and prescription benefits. This amount has been recognized as an expense and is included in accrued payroll and employee benefits 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, 2016, and June 30, 2017, are as follows:

	Year Ending June 30	
Prescription Plan	2016	2017
Claims liability at beginning of year	\$ 168,147	\$ 164,850
Current year actual and estimated claims	3,970,807	3,512,610
Payments on claims	(3,974,104)	(3,521,010)
Claims liability at end of year	<u>\$ 164,850</u>	<u>\$ 156,450</u>

	Year Ending June 30	
Health Plan	2016	2017
Claims liability at beginning of year	\$ 461,233	\$ 730,800
Current year actual and estimated claims	6,347,649	5,482,869
Payments on claims	(6,078,082)	(5,775,819)
Claims liability at end of year	<u>\$ 730,800</u>	<u>\$ 437,850</u>

7. 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:

Description	Amount
Employee Compensation and Benefits	\$ 120,424,857
Communications and Utilities	5,048,989
Travel	1,775,905
Contractual Services	17,451,598
Supplies and Materials	6,964,803
Student Financial Aid	15,449,439
Other Expenses	4,836,430
Depreciation	7,701,083
Total operating expenses	<u>\$ 179,653,104</u>

Notes to Financial Statements

8. DISCRETELY PRESENTED COMPONENT UNIT – PIMA COMMUNITY COLLEGE FOUNDATION

8a. 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.
- Permanently restricted net position – Net position subject to donor-imposed stipulations that they 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. 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

Notes to Financial Statements

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, 2017, there was \$7,579,353 in cash and cash equivalents and investment balances in excess of the FDIC and SIPC 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 net position. Unrealized gains and losses are included with the change in net position.

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 \$41,241 at June 30, 2017.

8b. Cash and Investments

At June 30, 2017, the Foundation's unrestricted cash and cash equivalents were \$678,978.

The Foundation's other long-term investments measured at fair value as of June 30, 2017, consisted of the following:

Notes to Financial Statements

Foundation 2017	Fair Value			
	Total	Level 1	Level 2	Level 3
Corporate Bonds	\$ 156,050	\$ 156,050		
Bond and Equity Funds	6,794,064	6,794,064		
Investment in Partnership	508,879			\$ 508,879
Total available for operations	\$ 7,458,993	\$ 6,950,114	\$ 0	\$ 508,879

8c. 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) with a focus on growth of such funds as well as the preservation of the value of the gift 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, 2017 consists of:

	Temporarily Restricted	Permanently Restricted
Donor-restricted endowment assets	\$ 798,709	\$ 5,441,676

Changes in endowment net position for the year ended June 30, 2017 are as follows:

	Temporarily Restricted	Permanently Restricted
Endowment net position, beginning of year	\$ 359,405	\$ 5,396,629
Contributions		45,047
Investment income	613,163	
Appropriation of endowment assets for expenditure	(173,859)	
Endowment net position, end of year	\$ 798,709	\$ 5,441,676

Required Supplementary Information

Schedule of the College's Proportionate Share of the Net Pension Liability

Arizona State Retirement System	Reporting Fiscal Year (Measurement Date)			
	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2008
College's proportion of the net pension liability	0.8152%	0.8238%	0.8210%	Information
College's proportionate share of the net pension liability	\$ 131,576,627	\$ 128,312,064	\$ 121,480,198	not available
College's covered payroll	77,048,076	76,259,354	74,240,051	
College's proportionate share of the net pension liability as a percentage of its covered payroll	170.77%	168.26%	163.63%	
Plan fiduciary net position as a percentage of the total pension liability	67.06%	68.35%	69.49%	

Schedule of College Pension Contributions

Arizona State Retirement System	Reporting Fiscal Year				
	2017	2016	2015	2014	2013
Statutorily required contribution	\$ 7,985,084	\$ 8,328,186	\$ 8,288,807	\$ 7,918,797	\$ 7,457,496
College's contributions in relation to the statutorily required contribution	7,985,084	8,328,186	8,288,807	7,918,797	7,457,496
College's contribution deficiency (excess)	-	-	-	-	-
College's covered payroll	74,350,845	77,048,076	76,259,354	74,240,051	72,914,505
College's contributions as a percentage of covered payroll	10.74%	10.81%	10.87%	10.67%	10.23%

Arizona State Retirement System	Reporting Fiscal Year				
	2012	2011	2010	2009	2008
Statutorily required contribution	\$ 6,979,719	\$ 6,282,818	\$ 5,964,027	\$ 5,628,540	\$ 5,498,159
College's contributions in relation to the statutorily required contribution	6,979,719	6,282,818	5,964,027	5,628,540	5,498,159
College's contribution deficiency (excess)	-	-	-	-	-
College's covered payroll	70,282,295	69,686,717	71,405,975	70,439,347	68,323,356
College's contributions as a percentage of covered payroll	9.89%	9.02%	8.35%	7.99%	8.05%



Statistical Section



PimaCountyCommunityCollegeDistrict

Pima County Community College District
Statistical Section

Table of Contents: Statistical Section

Financial Trends.....42
These schedules contain trend information to help the reader understand how the College's financial performance and well-being have changed over time.

Revenue Capacity.....48
These schedules contain trend information to help the reader assess the factors affecting the College's ability to generate property taxes, tuition, grants and other revenues.

Debt Capacity.....53
The debt capacity information will assist the reader in understanding and assessing the College's debt burden and ability to issue debt.

Demographic and Economic Information.....59
The demographic and economic information is presented to assist users in understanding certain aspects of the environment in which the College operates.

Operating Information.....61
These schedules contain contextual information to help the reader assess the delivery and effectiveness of College operations.

**Pima County Community College District
Financial Trends**

Schedule of Net Position by Component

Fiscal Years 2017 to 2008

	2017	2016	Fiscal Year 2015	2014	2013
Net Investment in Capital Assets	\$ 100,330,570	\$ 106,258,844	\$ 111,016,873	\$ 116,017,978	\$ 111,772,509
Restricted - expendable	11,339,876	10,126,191	8,652,563	9,091,749	8,184,292
Restricted - nonexpendable	0	0	217,399	1,573,607	1,631,278
Unrestricted	(39,778,165)	(50,097,749)	(51,900,890)	80,543,605	93,662,614
Total Net Position	\$ 71,892,281	\$ 66,287,286	\$ 67,985,945	\$ 207,226,939	\$ 215,250,693

	2012	2011	Fiscal Year 2010	2009	2008
Net Investment in Capital Assets	\$ 107,958,480	\$ 110,359,292	\$ 106,023,641	\$ 98,438,758	\$ 91,317,290
Restricted - expendable	7,771,778	7,718,819	5,584,879	6,192,750	5,881,028
Restricted - nonexpendable	1,682,173	101,886	1,675,365	1,553,416	1,534,847
Unrestricted	100,136,064	98,779,375	85,778,752	80,973,839	70,181,923
Total Net Position	\$ 217,548,495	\$ 216,959,372	\$ 199,062,637	\$ 187,158,763	\$ 168,915,088

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.

**Pima County Community College District
Financial Trends**

Schedule of Other Changes in Net Position

Fiscal Years 2017 to 2008

	Fiscal Year				
	2017	2016	2015	2014	2013
Income (Loss) Before Other Changes in Net Position	\$ 5,565,475	\$ (1,736,314)	\$ (7,776,128)	\$ (8,054,427)	\$ (3,097,802)
Capital Appropriations					
Capital Gifts and Grants	39,520	37,655	136,341	30,673	800,000
Total Change in Net Position	\$ 5,604,995	\$ (1,698,659)	\$ (7,639,787)	\$ (8,023,754)	\$ (2,297,802)

	Fiscal Year				
	2012	2011	2010	2009	2008
Income (Loss) Before Other Changes in Net Position	\$ 522,923	\$ 17,855,272	\$ 11,767,148	\$ 18,042,849	\$ 9,765,895
Capital Appropriations					3,198,900
Capital Gifts and Grants	66,200	41,463	136,726	200,826	133,626
Total Change in Net Position	\$ 589,123	\$ 17,896,735	\$ 11,903,874	\$ 18,243,675	\$ 13,098,421

Source: District Records

**Pima County Community College District
Financial Trends**

Schedule of Expenses by Identifiable Activity
Fiscal Years 2017 to 2008

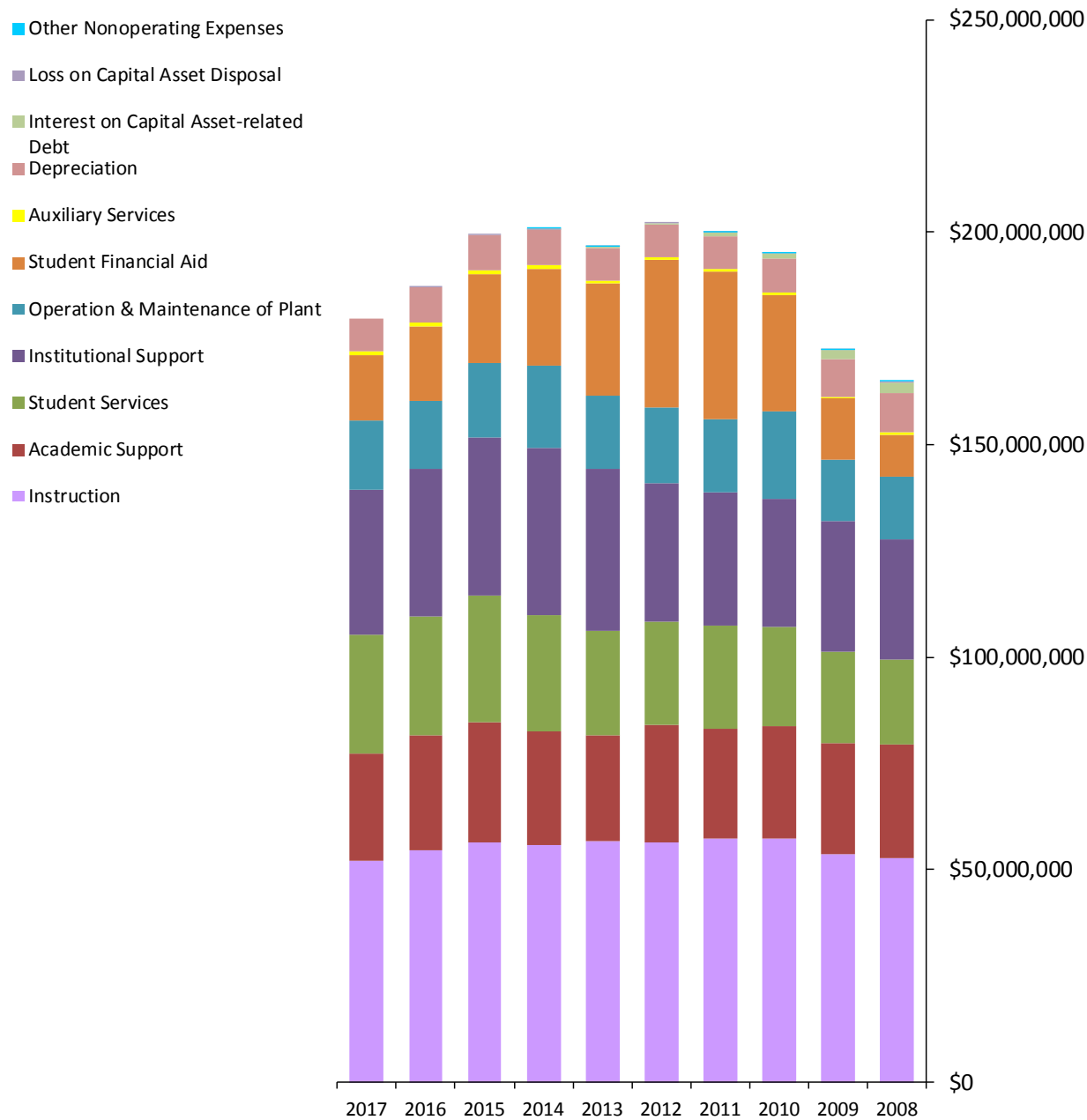
	Fiscal Year				
	2017	2016	2015	2014	2013
Operating Expenses					
Instruction	\$ 52,009,785	\$ 54,486,848	\$ 56,521,328	\$ 55,712,283	\$ 56,722,122
Academic Support	25,221,536	27,061,889	28,307,683	26,968,277	24,878,589
Student Services	28,146,761	28,184,238	29,761,778	27,093,085	24,615,986
Institutional Support	33,893,651	34,664,541	36,990,188	39,336,193	38,208,264
Operation and Maintenance of Plant	16,299,388	15,905,619	17,474,890	19,593,974	17,134,651
Student Financial Aid	15,449,569	17,646,631	20,923,754	22,739,712	26,244,500
Auxiliary Enterprises	931,331	876,462	972,572	917,261	755,713
Depreciation	7,701,083	8,321,837	8,403,706	8,224,999	7,775,302
Total Operating Expenses	179,653,104	187,148,065	199,355,899	200,585,784	196,335,127
Nonoperating Expenses					
Interest on Capital Asset-Related Debt				67,750	207,304
Loss on Capital Asset Disposal	22,066	19,361	24,101	266,394	10,657
Other Nonoperating Expenses				24,900	43,871
Total Nonoperating Expenses	22,066	19,361	24,101	359,044	261,832
Total Expenses	\$ 179,675,170	\$ 187,167,426	\$ 199,380,000	\$ 200,944,828	\$ 196,596,959

	Fiscal Year				
	2012	2011	2010	2009	2008
Operating Expenses					
Instruction	\$ 56,541,376	\$ 57,500,697	\$ 57,464,058	\$ 53,829,194	\$ 52,780,535
Academic Support	27,424,159	25,592,122	26,414,846	26,059,669	26,847,901
Student Services	24,475,523	24,400,835	23,398,419	21,425,318	19,899,674
Institutional Support	32,376,945	31,362,563	30,106,066	30,689,156	28,316,662
Operation and Maintenance of Plant	17,805,567	17,188,038	20,361,539	14,402,725	14,591,818
Student Financial Aid	34,764,717	34,799,330	27,564,234	14,444,634	9,982,314
Auxiliary Enterprises	694,438	594,145	441,050	511,708	445,760
Depreciation	7,637,565	7,682,122	7,894,367	8,886,260	9,270,375
Total Operating Expenses	201,720,290	199,119,852	193,644,579	170,248,664	162,135,039
Nonoperating Expenses					
Interest on Capital Asset-Related Debt	464,825	882,425	1,461,113	2,081,623	2,589,150
Loss on Capital Asset Disposal	106,875	11,914	23,640	21,355	100,080
Other Nonoperating Expenses		8,773	30,940	138,716	171,472
Total Nonoperating Expenses	571,700	903,112	1,515,693	2,241,694	2,860,702
Total Expenses	\$ 202,291,990	\$ 200,022,964	\$ 195,160,272	\$ 172,490,358	\$ 164,995,741

Source: District Records

Pima County Community College District
Financial Trends

Graph of Expenses by Identifiable Activity
Fiscal Years 2017 to 2008



Source: District Records

**Pima County Community College District
Financial Trends**

Schedule of Revenues by Source
Fiscal Years 2017 to 2008

	Fiscal Year				
	2017	2016	2015	2014	2013
Operating Revenues					
Tuition and Fees, net of scholarship allowances	\$ 28,834,580	\$ 27,792,518	\$ 27,860,572	\$ 30,092,480	\$ 30,034,844
Contracts	2,660,348	3,485,053	3,614,371	2,565,513	2,887,596
Commissions and Rents	1,720,067	1,658,484	1,608,709	1,613,283	1,653,777
Other Operating Revenues	924,054	912,844	1,137,112	1,199,976	1,099,854
Total Operating Revenues	34,139,049	33,848,899	34,220,764	35,471,252	35,676,071
Nonoperating Revenues					
Property Taxes	106,823,980	103,274,540	99,464,621	97,523,572	94,150,821
State Appropriations	0	0	7,093,500	7,136,600	7,353,500
Federal Grants	39,352,391	42,891,284	45,616,708	47,429,534	51,918,293
State and Local Grants	1,544,239	1,523,348	1,573,775	1,666,184	770,688
Share of State Sales Tax	2,341,003	2,282,341	2,331,857	2,256,268	2,072,940
Gifts and Other Nonoperating Revenues	716,073	900,667	812,941	861,085	895,476
Investment Income	323,910	710,033	489,706	545,906	661,368
Capital Gifts and Grants	39,520	37,655	136,341	30,673	800,000
Total Nonoperating Revenues	151,141,116	151,619,868	157,519,449	157,449,822	158,623,086
Total Revenues	\$ 185,280,165	\$ 185,468,767	\$ 191,740,213	\$ 192,921,074	\$ 194,299,157

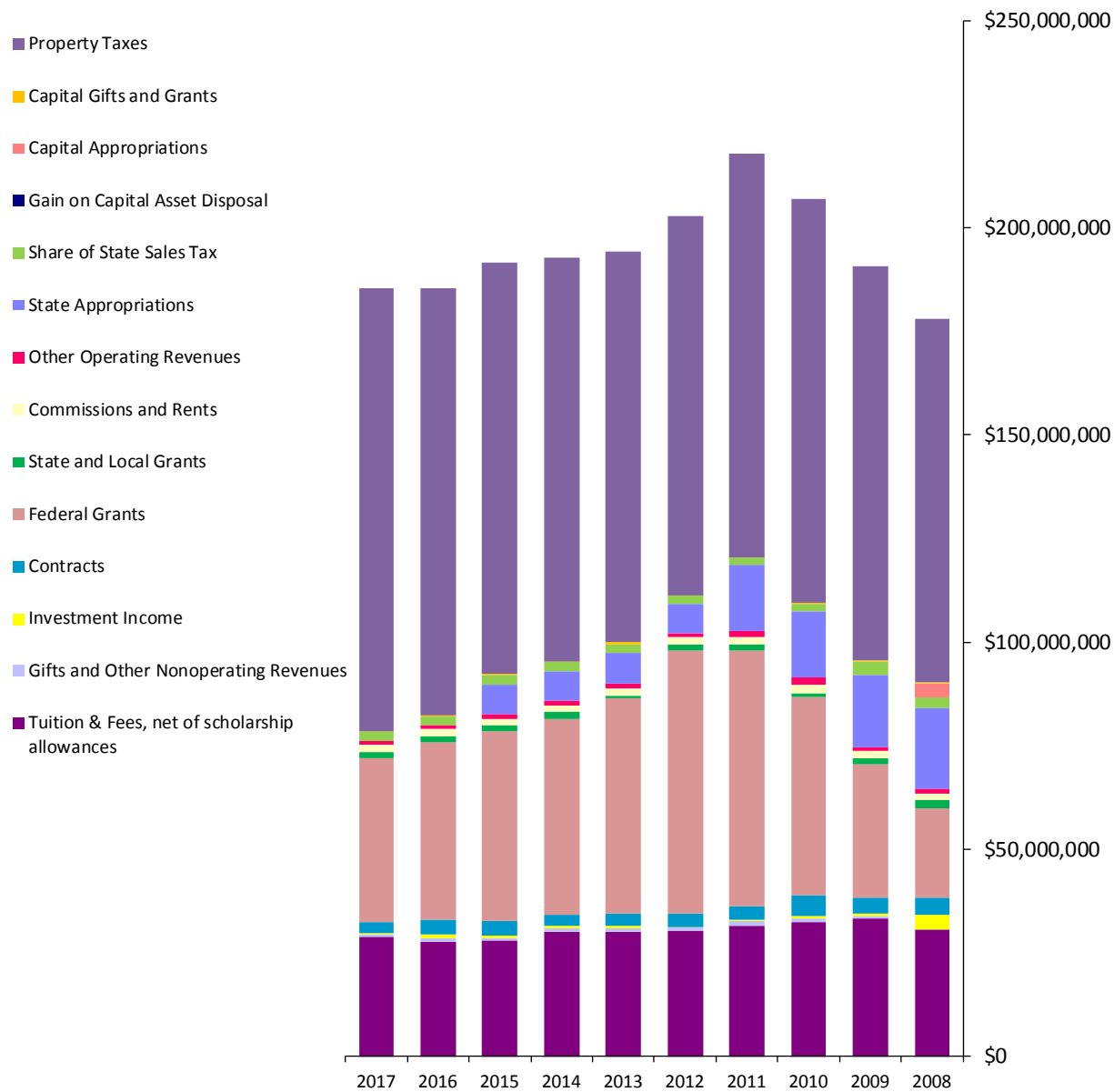
	Fiscal Year				
	2012	2011	2010	2009	2008
Operating Revenues					
Tuition and Fees, net of scholarship allowances	\$ 30,315,594	\$ 31,543,208	\$ 32,359,864	\$ 33,365,932	\$ 30,540,815
Contracts	3,096,886	3,350,861	5,073,714	3,908,570	4,056,206
Commissions and Rents	1,827,383	1,891,920	1,881,242	1,492,245	1,484,209
Other Operating Revenues	961,978	1,311,330	1,825,203	1,151,767	1,225,909
Total Operating Revenues	36,201,841	38,097,319	41,140,023	39,918,514	37,307,139
Nonoperating Revenues					
Property Taxes	91,581,461	97,431,336	97,583,761	95,074,188	87,864,083
State Appropriations	7,146,400	15,942,100	15,942,100	17,413,618	19,593,500
Federal Grants	63,645,052	61,762,889	47,861,962	32,131,073	21,535,563
State and Local Grants	1,326,419	1,366,883	996,369	1,730,592	2,111,608
Share of State Sales Tax	1,977,303	1,909,767	1,964,641	3,264,463	2,659,271
Gifts and Other Nonoperating Revenues	799,030	1,147,421	961,332	659,580	4,080
Investment Income	137,407	220,521	477,231	341,179	3,686,392
Capital Appropriations		0	0	0	3,198,900
Capital Gifts and Grants	66,200	41,463	136,726	200,826	133,626
Total Nonoperating Revenues	166,679,272	179,822,380	165,924,122	150,815,519	140,787,023
Total Revenues	\$ 202,881,113	\$ 217,919,699	\$ 207,064,145	\$ 190,734,033	\$ 178,094,162

Source: District Records

Notes: Data for Contracts, Federal Grants and State and Local Grants were restated beginning fiscal year 2008 to coincide with revised revenue classifications.
For fiscal year 2017, Other Operating Revenues includes a rebate in the amount of \$75,945 received from JP Morgan Chase for credit card purchases.

Pima County Community College District
Financial Trends

Graph of Revenues by Source
Fiscal Years 2017 to 2008



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	Limited and Full Cash Values ³	Ratio of Net Assessed to Full Cash Value
2016/2017 Primary	\$7,816,700	1.3733	\$78,911,345	9.91%
2016/2017 Secondary	8,262,665	0.0000	83,520,548	9.89%
Total		1.3733		
2015/2016 Primary	\$7,620,361	1.3689	\$76,489,654	9.96%
2015/2016 Secondary	7,906,190	0.0000	79,550,159	9.94%
Total		1.3689		
2014/2015 Primary	\$7,518,482	1.3344	\$74,402,882	10.11%
2014/2015 Secondary	7,579,899	0.0000	75,389,155	10.05%
Total		1.3344		
2013/2014 Primary	\$7,559,129	1.2746	\$73,262,703	10.32%
2013/2014 Secondary	7,623,691	0.0187	74,590,067	10.22%
Total		1.2933		
2012/2013 Primary	\$8,073,938	1.1484	\$76,085,641	10.61%
2012/2013 Secondary	8,171,212	0.0257	77,731,086	10.51%
Total		1.1741		
2011/2012 Primary	\$8,310,120	1.0846	\$78,036,208	10.65%
2011/2012 Secondary	8,448,282	0.0248	80,152,473	10.54%
Total		1.1094		
2010/2011 Primary	\$8,939,647	0.9755	\$82,348,221	10.86%
2010/2011 Secondary	9,342,561	0.1093	86,228,902	10.83%
Total		1.0848		
2009/2010 Primary	\$8,985,712	0.9356	\$80,593,121	11.15%
2009/2010 Secondary	9,860,981	0.1414	88,095,754	11.19%
Total		1.0770		
2008/09 Primary	\$8,230,967	0.9787	\$73,122,499	11.26%
2008/09 Secondary	9,594,862	0.1502	85,993,246	11.16%
Total		1.1289		
2007/08 Primary	\$7,353,331	1.0191	\$64,347,659	11.43%
2007/08 Secondary	8,220,396	0.1654	72,101,321	11.40%
Total		1.1845		

Sources: Pima County Department of Finance CAFR (Fiscal years 2008-2016. June 30, 2017 statistics were unavailable at time of publication; Pima County Department of Finance (fiscal year 2016-2017 adopted budget), Pima County Assessor's Office, and District records.

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 separate Primary and Secondary tax rates.

(3) Limited value is the basis for primary taxes and annual changes therein are restricted by statute; Full Cash Value or Secondary Value approximates market value.

**Pima County Community College District
Revenue Capacity**

Property Tax Levies and Collections ^{1,4}

Last Ten Fiscal Years

Fiscal Year	Original Real Property Tax Levy	Board Ordered Changes thru 06/30/2017	Adjusted Levy	Collections/ Payments Initial Tax Year ²	Percent of Original Levy	Collections/ Payments thru 6/30/2017 ²	Percent of Adjusted Levy	Taxes Receivable as of 6/30/2017 ³
2017	\$ 104,106,349	\$ 0	\$ 104,106,349	\$ 101,690,985	97.68%	\$ 101,690,985	97.68%	\$2,415,364
2016	100,655,943	50,519	100,706,462	97,223,208	96.59%	100,447,205	99.74%	259,257
2015	96,201,094	59,548	96,260,642	92,988,525	96.66%	95,978,099	99.71%	282,543
2014	92,461,302	122,022	92,583,324	89,226,779	96.50%	92,212,869	99.60%	370,455
2013	88,643,360	119,079	88,762,439	85,469,057	96.42%	88,410,638	99.60%	351,801
2012	86,335,655	218,333	86,553,988	83,080,271	96.23%	86,175,464	99.56%	378,524
2011	83,858,009	(158,894)	83,699,115	79,954,352	95.34%	83,144,327	99.34%	554,788
2010	80,612,932	(134,051)	80,478,881	77,256,390	95.84%	80,396,563	99.90%	82,318
2009	77,538,112	(64,141)	77,473,971	74,356,208	95.90%	77,436,384	99.95%	37,587
2008	71,233,238	(112,614)	71,120,624	68,590,439	96.29%	71,107,974	99.98%	12,650
Totals	\$881,645,994	\$99,801	\$881,745,795	\$849,836,214		\$877,000,508		\$4,745,287

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.

(2) Amounts collected are on a cash basis.

(3) Represents the difference between the adjusted levy and collected to June 30, 2017.

(4) Unsecured personal property taxes are not included in this schedule because the dates of the monthly tax rolls vary each year. For tax years 2007 - 2016 (District fiscal years 2008 - 2017), total unsecured personal property tax board ordered changes were \$46,762 and collections were \$2,999,368 (including rolls and cycles) through June 30, 2017. The total outstanding unsecured personal property tax levy at June 30, 2017 for the period cited stands at \$1,389,335.

**Pima County Community College District
Revenue Capacity**

Schedule of Principal Property Taxpayers

Most Recent Year and Nine Years Prior as of 2016 ¹

Dollars in Thousands

<u>Employer</u>	<u>2016</u>			<u>2007</u>		
	<u>Estimated Assessed Value ²</u>	<u>Rank</u>	<u>Percent of Total Assessed Value</u>	<u>Estimated Assessed Value ²</u>	<u>Rank</u>	<u>Percent of Total Assessed Value</u>
Unisource/Tucson Electric Power Co.	\$188,366	1	2.3%	\$150,771	1	1.8%
Freeport-McMoRan/Phelps Dodge Corp.	\$81,988	2	1.0%	\$93,656	3	1.1%
ASARCO LLC	\$42,290	3	0.5%	*		
Southwest Gas Corporation	\$36,696	4	0.4%	\$62,919	4	0.8%
QWEST Corporation	\$33,114	5	0.4%	\$94,300	2	1.1%
Wal-Mart Stores Incorporated	\$18,211	6	0.2%	*		
SMSJ Tucson Holdings, LLC	\$17,471	7	0.2%	*		
Northwest Hospital LLC	\$16,858	8	0.2%	*		
DND Neffson Co. (Tucson Mall)	\$15,668	9	0.2%	\$19,897	7	0.2%
DDR Tucson Spectrum II, LLC	\$12,499	10	0.2%	*		
Raytheon	*			\$58,987	5	0.7%
Trico Electric Co-Op Inc.	*			\$18,044	8	0.2%
Star Pass Resort Developments LLC	*			\$15,280	10	0.2%
Arizona Portland Cement	*			\$23,468	6	0.3%
Westin La Paloma	*			\$15,959	9	0.2%
Total Top Ten	<u>\$463,161</u>		<u>5.6%</u>	<u>\$553,281</u>		<u>6.7%</u>

² Secondary Assessed Valuation for Tax Year: \$8,262,665

\$8,220,396

Source: Pima County Department of Finance (June 30, 2016 CAFR)

Notes: (1) June 30, 2017 statistics were unavailable at time of publication.

* Taxpayers did not fall within the top 10 for the year identified

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	Pima County Community College District ¹	State of Arizona	Central Arizona Water Conservation District	Pima County ²	Flood Control District ³	County Library District	Education Assistance	Cortaro-Marana Irrigation District ⁴
2016	1.3733	0.0000	0.1400	5.0364	0.3335	0.5153	0.5010	75.0000
2015	1.3689	0.0000	0.1400	5.1344	0.3135	0.5153	0.5054	72.0000
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

Tax Year	Flowing Wells Irrigation District ⁴	Silverbell Irrigation District ⁴	City of Tucson	City of South Tucson	Street Lighting Improvement District	Mobile Home Relocation District ⁵	Towns Other ⁶	School Districts Range	
								From	To
2016	19.3500	3.0000	1.5982	0.2528	12.4384	0.0000	7.0000	2.0793	8.9614
2015	19.3500	3.0000	1.5960	0.2528	12.3345	0.5000	7.0000	1.7677	7.6184
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

Source: Pima County Department of Finance (June 30, 2016 CAFR), June 30, 2017 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) The 2007, 2008 and 2009 figures represent the Community Facilities Districts of Gladden Farms, Vanderbilt Farms and Quail Creek.

The 2010 to 2016 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}		Tuition per Credit Hour	
	In State	Out of State	In State	Out of State ⁴
2017	\$ 2,550	\$ 9,195	\$ 78.50	\$ 300.00
2016	2,460	10,755	75.50	352.00
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

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 2008 - 2014 and \$30 per year starting in 2015; student service fees of \$2.50 per credit hour in academic year 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.

(5) In addition to tuition, course fees and additional fees may apply.

For more information on course fees, check the online class schedules, the printed Schedule of Classes, or call or stop by any campus Student Services Center.

(6) Tuition, fees, and refunds are subject to change without notice.

(7) These rates are NOT intended to represent an estimate of the cost of attending Pima Community College.

**Pima County Community College District
Debt Capacity**

Schedule of Ratios of Outstanding Debt

Last Ten Fiscal Years

Dollars in Thousands

	Fiscal Year				
	2017	2016	2015	2014	2013
General Bonded Debt					
Total General Bonded Debt	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,355
Per Headcount	0	0	0	0	0.03
Per FTSE	0	0	0	0	0.07
Per Capita (Pima County)	0	0	0	0	0
Other Debt					
Revenue Bonds					
Capital Lease Obligations					0
Total Outstanding Debt	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,355
Per Headcount	0	0	0	0	0.03
Per FTSE	0	0	0	0	0.07
Per Capita (Pima County)	0	0	0	0	0

	Fiscal Year				
	2012	2011	2010	2009	2008
General Bonded Debt					
Total General Bonded Debt	\$ 3,280	\$ 5,100	\$ 14,635	\$ 27,335	\$ 39,905
Per Headcount	0.06	0.08	0.24	0.44	0.64
Per FTSE	0.15	0.23	0.66	1.31	1.97
Per Capita (Pima County)	0	0	0.01	0.03	0.04
Other Debt					
Revenue Bonds			0	100	200
Capital Lease Obligations	3,365	3,615	3,855	4,080	4,295
Total Outstanding Debt	\$ 6,645	\$ 8,715	\$ 18,490	\$ 31,515	\$ 44,400
Per Headcount	0.11	0.14	0.30	0.51	0.72
Per FTSE	0.30	0.38	0.84	1.51	2.20
Per Capita (Pima County)	0.01	0.01	0.02	0.03	0.04

Source: District Records. Per Capita calculations based on forecasted population from "Arizona Economy" magazine, Fall Issues. <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			Coverage
		Principal	Interest	Total	
2017	\$7,912,843	\$0	\$0	\$0	N/A
2016	7,589,713	0	0	0	N/A
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
Totals	\$ 112,707,686	\$ 200,000	\$ 35,000	\$ 235,000	

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, 2017

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
2017	\$ 0	\$8,262,665	0.00%	1,018,600	\$ 0
2016	0	7,906,190	0.00%	1,016,700	0
2015	0	7,579,899	0.00%	1,022,100	0
2014	0	7,623,691	0.00%	1,007,200	0
2013	1,355	8,171,212	0.02%	996,000	0.00
2012	3,280	8,448,282	0.04%	990,400	0.00
2011	5,100	9,342,561	0.05%	986,100	0.01
2010	14,635	9,860,981	0.15%	981,200	0.01
2009	27,335	9,594,862	0.28%	984,300	0.03
2008	39,905	8,220,396	0.49%	984,000	0.04

Source: District Records; secondary net assessed values and population from Pima County Department of Finance (Fiscal years 2008-2016, CAFR. June 30, 2017 statistics were unavailable at time of publication); Pima County Department of Finance (Fiscal year 2016-2017 adopted budget), and Fall 2017 issue of "Arizona's Economy", <http://ebr.eller.arizona.edu>.

**Pima County Community College District
Debt Capacity**

Computation of Direct and Overlapping Governmental Debt Outstanding

At June 30, 2016¹

Dollars in thousands

<u>Governmental unit</u>	<u>Debt Outstanding</u>	<u>Amount Overlapping³</u>
Debt repaid with property tax		
City of Tucson	\$ 208,860	\$ 208,860
School Districts	594,225	<u>594,225</u>
Total Overlapping		<u>\$ 803,085</u>
Debt repaid with property tax		
Pima County ²	\$ 350,135	\$ 350,135
Pima County Community College District	0	<u>0</u>
Total Direct		<u>\$ 350,135</u>
Other Debt:		
Certificates of Participation	\$ 179,054	\$ 179,054
Installment note payable	8,733	8,733
Capital Lease Payable	136	136
Transportation bonds	103,961	<u>103,961</u>
Total other debt		<u>\$ 291,884</u>
Total direct, overlapping, and other debt		<u><u>\$ 1,445,104</u></u>

Source: District Records and Pima County Department of Finance (June 30, 2016 CAFR)

Notes: (1) June 30, 2017 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, 2016

Dollars in Thousands

Fiscal Year	Total Overlapping Debt	Secondary Net Assessed Value	Percentage of Assessed Value	Population at July 1 ¹	Debt per Capita
2016	\$1,445,104	\$ 7,906,190	18.28%	1,016,700	\$ 1.421
2015	1,501,691	7,579,899	19.81%	1,022,100	1.469
2014	1,153,220	7,623,691	15.13%	1,007,200	1.145
2013	1,311,417	8,171,212	16.05%	996,000	1.317
2012	1,284,219	8,448,282	15.20%	990,400	1.297
2011	1,335,431	9,342,561	14.29%	986,100	1.353
2010	1,302,802	9,860,981	13.21%	981,200	1.328
2009	1,213,050	9,594,862	12.64%	984,300	1.232
2008	1,137,114	8,220,396	13.83%	984,000	1.156
2007	1,107,662	6,869,955	16.12%	977,300	1.133

Source: Pima County Department of Finance (June 30, 2016 CAFR)

Notes: June 30, 2017 statistics were unavailable at the time of publication

Overlapping governments are those that coincide (at least in part), with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. 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 and is responsible for the repayment of debt of each overlapping government.

(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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assessed Value	\$ 8,262,665	\$ 7,906,190	\$ 7,579,899	\$ 7,623,691	\$ 8,171,212
Legal Debt Margin					
Debt Limit (15% of assessed value)	1,239,400	1,185,929	1,136,985	1,143,554	1,225,682
Debt applicable to limit:					
General obligation bonds	0	0	0	0	1,355
Leases	0	0	0	0	0
Total net debt applicable to the limit	0	0	0	0	1,355
Legal debt margin	<u>\$ 1,239,400</u>	<u>\$ 1,185,929</u>	<u>\$ 1,136,985</u>	<u>\$ 1,143,554</u>	<u>\$ 1,224,327</u>
Total net debt applicable to the limit as a percentage of debt limit.	0.00%	0.00%	0.00%	0.00%	0.11%

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Assessed Value	\$ 8,448,282	\$ 9,342,561	\$ 9,860,981	\$ 9,594,862	\$ 8,220,396
Legal Debt Margin					
Debt Limit (15% of assessed value)	1,267,242	1,401,384	1,479,147	1,439,229	1,233,059
Debt applicable to limit:					
General obligation bonds	3,280	5,100	14,635	27,335	39,905
Leases	3,365	3,615	4,451	4,701	5,390
Total net debt applicable to the limit	6,645	8,715	19,086	32,036	45,295
Legal debt margin	<u>\$ 1,260,597</u>	<u>\$ 1,392,669</u>	<u>\$ 1,460,061</u>	<u>\$ 1,407,193</u>	<u>\$ 1,187,764</u>
Total net debt applicable to the limit as a percentage of debt limit.	0.52%	0.62%	1.29%	2.23%	3.67%

Source: District records and Pima County Department of Finance (June 30, 2016 CAFR and FY 2016-2017 Adopted Budget)

Pima County Community College District Demographic and Economic Information

Schedule of Principal Employers

Most Recent Year and Nine Years Prior as of 2016 ³

<u>Employer</u>	<u>2016</u>			<u>2007</u>		
	<u>FTE ¹</u>	<u>Rank</u>	<u>Percent of Total County Employment</u>	<u>FTE ¹</u>	<u>Rank</u>	<u>Percent of Total County Employment</u>
University of Arizona	11,251	1	2.4%	10,354	2	2.3%
Raytheon Missile Systems	9,600	2	2.0%	11,184	1	2.5%
State of Arizona	8,580	3	1.8%	9,927	3	2.2%
Davis-Monthan Air Force Base	8,406	4	1.8%	8,233	5	1.8%
Pima County	7,060	5	1.5%	7,290	7	1.6%
Tucson Unified School District No. 1	6,770	6	1.4%	7,419	6	1.6%
Banner - University Medicine ²	6,272	7	1.3%	*		
U.S. Customs and Border Protection/U.S. Border Patrol	5,739	8	1.2%	*		
Freeport-McMoRan Copper & Gold Inc.	5,530	9	1.2%	4,900	10	1.1%
Wal-Mart Stores Inc.	5,500	10	1.2%	5,625	9	1.2%
U.S. Army Intelligence Center of Excellence & Fort Huachuca	*			9,119	4	2.0%
City of Tucson	*			5,848	8	1.3%
Total	<u>74,708</u>		<u>15.8%</u>	<u>79,899</u>		<u>17.6%</u>
Total Work Force	476,900			453,500		

* Employer did not fall within the top 10 for the year identified

Sources: 2016: "The Star 200" - The Arizona Daily Star.

2007: Pima County Department of Finance (June 30, 2011 CAFR); and, azeconomy.org.

Notes:

(1) FTE equals approximate full time equivalent employment

(2) Formerly UA Healthcare, and, The University of Arizona Health Network

(3) 2017 statistics were unavailable at time of publication.

**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
2017	1,018,600	\$41,350,000	\$40,595	4.9%
2016	1,015,500	\$40,359,000	\$39,743	5.7%
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%

Source: 2017 Population and personal income data are forecast estimates obtained from "Arizona Economy" magazine's Forecast Tables. Countywide unemployment rate for June, 2017 obtained from "Arizona Economy" magazine's Arizona Economic Indicators for the Tucson Metropolitan Statistical Area (MSA). October 2017: Fall Issue. <http://www.ebr.eller.arizona.edu> and District Records.

Pima County Community College District Operating Information

Administrators, Faculty and Staff Statistics Last Ten Fiscal Years

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Administrators										
Regular	48	51	56	56	55	54	53	53	53	62
Faculty										
Regular	360	391	390	391	391	391	392	388	389	387
Adjunct	516	519	547	569	630	692	772	742	703	629
Staff										
Regular	1,084	1,121	1,090	1,051	1,019	1,059	1,037	1,016	1,047	1,023
Temporary	141	144	157	168	162	192	197	206	203	177
Student	26	25	35	38	39	39	33	52	54	47

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									
	2017	2016	2015	2014	2013	2012	2011 ¹	2010	2009	2008
Students Statistics^{2,3}										
Part-Time %	69%	68%	68%	67%	66%	66%	66%	66%	71%	72%
Full-Time %	31%	32%	32%	33%	34%	34%	34%	34%	29%	28%
Degrees Awarded	2,585	2,626	2,721	2,644	2,634	2,549	2,282	2,162	2,232	2,359
Certificates Awarded	3,062	3,365	3,013	2,880	2,856	2,622	2,775	2,471	2,314	2,094
Ethnicity										
Hispanic/Latino %	41%	41%	39%	38%	36%	33%	30%	27%	27%	28%
Black or African American %	5%	4%	4%	5%	5%	5%	4%	4%	4%	4%
Asian %	3%	3%	3%	3%	4%	4%	4%	4%	3%	3%
American Indian or Alaska Native %	2%	2%	2%	2%	2%	3%	2%	3%	3%	2%
Two or More Races %	4%	4%	3%	3%	3%	3%	4%			
White %	41%	42%	43%	45%	47%	47%	47%	52%	53%	54%
Not Reported %	4%	4%	4%	3%	3%	5%	9%	10%	10%	9%
Gender										
Male %	44%	44%	44%	45%	45%	44%	44%	45%	45%	42%
Female %	50%	50%	51%	51%	52%	53%	54%	53%	54%	56%
Not Reported %	6%	6%	5%	4%	3%	3%	2%	2%	1%	2%

Source: District Records

Notes:

- (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 were 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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Headcount										
Total District	41,976	42,787	44,513	49,504	53,550	59,303	62,973	61,961	62,306	61,925

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FTSE										
Campus										
Community	2,963	2,264	2,145	2,255	2,500	2,688	2,902	2,860	3,165	2,871
Desert Vista	1,358	1,728	1,749	1,882	1,998	2,317	2,373	2,045	1,732	1,602
Downtown	2,517	2,655	2,948	3,411	3,773	4,271	4,441	4,346	3,922	3,909
East	1,804	2,152	2,437	2,652	2,845	3,302	3,520	3,461	3,142	2,997
Northwest	1,543	1,663	1,972	2,182	2,382	2,881	2,987	2,756	2,317	2,072
West	3,704	4,091	4,358	4,747	5,188	5,702	5,886	5,787	5,417	5,340
Center for Training & Dev.	255	235	201	245	256	296	342	245	234	145
Public Safety Institute	635	594	648	589	572	570	455	521	960	1,286
Total District	14,779	15,382	16,458	17,963	19,514	22,027	22,906	22,021	20,889	20,222

Source: District Records

Pima County Community College District
Operating Information

Schedule of Capital Asset Information

Last Ten Fiscal Years

	Fiscal Year				
	2017	2016	2015	2014	2013
Computer / Audio Visual	\$ 6,941,501	\$ 7,151,494	\$ 7,035,466	\$ 6,920,823	\$ 7,923,704
Education & Recreation	1,041,380	809,372	837,034	923,817	1,217,677
Library Books	7,052,667	7,307,717	7,165,411	7,322,133	7,401,241
Medical & Technical	11,206,162	10,765,663	9,992,965	8,661,480	7,390,865
Office Equipment & Furniture	158,526	199,884	216,382	250,107	421,304
Other	4,874,522	4,675,145	3,933,473	3,507,462	3,218,678
Physical Plant	1,782,590	1,881,053	2,006,180	1,980,542	2,127,709
Vehicles	3,816,431	3,766,376	3,720,857	3,664,253	3,606,332
Buildings	190,452,158	190,452,158	189,947,916	189,670,381	178,676,673
Construction in Progress	47,392	0	0	0	3,851,830
Land	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
Leasehold Improvements	3,260,062	3,260,062	3,260,062	3,260,062	3,260,062
	<u>\$ 245,924,702</u>	<u>\$ 245,560,235</u>	<u>\$ 243,407,057</u>	<u>\$ 241,452,371</u>	<u>\$ 234,387,386</u>

	Fiscal Year				
	2012	2011	2010	2009	2008
Computer / Audio Visual	\$ 8,025,772	\$ 8,417,256	\$ 9,582,667	\$ 8,855,484	\$ 9,871,571
Education & Recreation	1,192,609	1,113,565	1,146,282	1,124,515	1,118,262
Library Books	7,248,861	7,089,440	6,839,290	7,008,859	6,820,816
Medical & Technical	6,033,567	5,421,527	5,203,044	4,775,005	3,749,130
Office Equipment & Furniture	479,842	563,088	917,161	1,205,699	1,470,064
Other	2,259,692	2,134,436	1,912,687	2,033,173	1,819,891
Physical Plant	2,242,208	2,242,137	2,208,687	2,225,582	1,369,761
Vehicles	3,441,151	3,332,506	3,374,845	3,168,611	3,091,815
Buildings	178,480,684	178,480,684	178,365,580	177,745,881	177,636,152
Construction in Progress	1,450,322	171,778	0	325,611	255,736
Land	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
Leasehold Improvements	3,260,062	3,385,100	3,385,100	3,385,100	3,385,100
	<u>\$ 229,406,081</u>	<u>\$ 227,642,828</u>	<u>\$ 228,226,654</u>	<u>\$ 227,144,831</u>	<u>\$ 225,879,609</u>

Source: District Records

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

**Pima County Community College District
Operating Information**

Statutory Limit to Budgeted Expenditures – Expenditure Limitation

Pima County Community College District, like all community colleges in Arizona, is subject to numerous budgetary and related legal requirements. Article 9, Section 21, of the Arizona Constitution sets limits on the College's legal budget capacity. In general, the Governing Board, as the governing body of the College, cannot authorize expenditures from local revenues in excess of the expenditure limitation determined annually for the College by the Arizona Economic Estimates Commission. The expenditure limitation is determined each year by adjusting the amount of actual payments of local revenues received by the College during fiscal year 1979-1980 to reflect inflation and subsequent student enrollment for the College.

Fiscal Year	Statutory Expenditure Limitation ¹	Budgeted Expenditures	
		Subject to the Limitation ²	Unused Legal Limit
2016	\$ 114,444,168	\$ 105,319,375	\$ 9,124,793
2015	\$ 112,293,950	\$ 110,712,581	\$ 1,581,369
2014	\$ 115,829,735	\$ 108,736,671	\$ 7,093,064
2013	\$ 126,021,541	\$ 126,021,540	\$ 1
2012	\$ 125,892,320	\$ 125,892,319	\$ 1
2011	\$ 122,989,612	\$ 122,989,611	\$ 1
2010	\$ 105,379,583	\$ 105,379,582	\$ 1
2009	\$ 98,068,940	\$ 98,068,939	\$ 1
2008	\$ 92,895,350	\$ 92,895,349	\$ 1
2007	\$ 86,802,870	\$ 86,802,869	\$ 1

Source: State of Arizona Office of the Auditor General Expenditure Limitation Report

Notes: (1) The Statutory Expenditure Limitation is calculated by the Arizona Department of Revenue Economic Estimates Commission and applies to Current (General, Auxiliary Enterprises, and Restricted) and Plant Funds (Unexpended and Retirement of Indebtedness).
(2) Budgeted expenditures are net of allowable exclusions.

Links to Additional Information

Additional information about Pima Community College is available on our website: www.pima.edu. Specific information related to this Comprehensive Annual Financial Report includes:

Glossary for Financial Reports: www.pima.edu/about-pima/reports/finance-reports/docs-annual-financial/PCC-FinancialStatements-Glossary.pdf.

PCC Finance webpage: www.pima.edu/administrative-services/finance/index.html. Including links to:

- 1) Property Tax information
- 2) Metrics comparing PCC to other Arizona Community Colleges
- 3) PCC Financial Ratios
- 4) Bond Ratings
- 5) Finance Newsletters
- 6) Understanding Property Tax whitepaper

PCC Financial Reports webpage: www.pima.edu/about-pima/reports/finance-reports/index.html.

Including links to:

- 1) Economic Impact Report
- 2) PCC Monthly Financial Reports
- 3) PCC Annual Budget
- 4) PCC Comprehensive Annual Financial Reports (CAFR) FY 2005-present
- 5) State of Arizona Office of the Auditor General reports, including:
 - a) Highlights from Audits
 - b) Reports on Internal Control and Compliance
 - c) Expenditure Limitation Reports
 - d) A-133 Single Audit Reports
 - e) Audited Full-Time Equivalent Student Enrollment Report (FTSE)

PCC Budget webpage: www.pima.edu/administrative-services/finance/budget/index.html. Including links to:

- 1) Budget related documents by fiscal year
- 2) Financial related presentations made to the College Community
- 3) Employee Salary Look-up
- 4) Strategic Planning Committee documents

PCC Board of Governor's Finance and Audit Committee webpage: www.pima.edu/about-pima/board-of-governors/board-committees/finance-audit-committee/index.html. Including links to:

- 1) Meeting resources
- 2) Agendas, Notices, Supporting Material, and Meeting Minutes
- 3) Annual Reports to the Board of Governors
- 4) Committee Membership

PCC Reports webpage: www.pima.edu/about-pima/reports/index.html. Including links to:

- 1) Student Reports: www.pima.edu/about-pima/reports/student-reports/index.html
- 2) Federal Reporting: www.pima.edu/about-pima/reports/federal-reporting/index.html
- 3) Finance Reports: www.pima.edu/about-pima/reports/finance-reports/index.html
- 4) Other Reports: www.pima.edu/about-pima/reports/other-reports/index.html

PCC Accreditation webpage: www.pima.edu/about-pima/accreditation/index.html

Pima Community College is an equal opportunity, affirmative action employer and educational institution committed to excellence through diversity. Upon request, reasonable accommodations will be made for individuals with disabilities. Every effort will be made to provide reasonable accommodations in a timely manner. For public and employee accommodation requests, as well as information related to the ADA complaint process, contact the College ADA Coordinator at 520-206-4539 or 4905C E. Broadway Blvd., Tucson, AZ 85709-1130. For PCC student accommodation requests, please contact Access and Disability Resources, 520-206-6688 or adrhelp@pima.edu.