



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Expenditure Limitation Report

Pima County Community College District

Year Ended June 30, 2006



Debra K. Davenport
Auditor General

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Pima County Community College District
Report on Audit of Annual Budgeted Expenditure Limitation Report
Year Ended June 30, 2006

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**STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL**

DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Governing Board of
Pima County Community College District

We have audited the accompanying Annual Budgeted Expenditure Limitation Report of Pima County Community College District for the year ended June 30, 2006. This report is the responsibility of the District's management. Our responsibility is to express an opinion on this report based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the report. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall report presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Annual Budgeted Expenditure Limitation Report was prepared for the purpose of complying with the uniform expenditure reporting system as discussed in Note 1, and is not intended to be a presentation in conformity with U.S. generally accepted accounting principles.

In our opinion, the Annual Budgeted Expenditure Limitation Report of Pima County Community College District for the year ended June 30, 2006, referred to above presents fairly, in all material respects, the information required by the uniform expenditure reporting system on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the members of the Arizona State Legislature and the Governing Board, and for filing with the Auditor General of the State of Arizona, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Dennis L. Mattheisen, CPA
Financial Auditor Director

December 14, 2006

Pima County Community College District
Annual Budgeted Expenditure Limitation Report—Part I
Year Ended June 30, 2006

1. Economic Estimates Commission expenditure limitation		\$85,821,047
2. Total amount subject to the expenditure limitation (from Part II, Line C)	\$86,918,597	
3. Less expenditures of monies received pursuant to Arizona Revised Statutes §15-1472 (workforce development)	<u>1,097,551</u>	
4. Adjusted amount subject to the expenditure limitation		<u>85,821,046</u>
5. Amount under the expenditure limitation		<u>\$ 1</u>

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

Signature of Chief Fiscal Officer: _____

Name and Title: David W. Bea, Vice Chancellor for Finance

Telephone Number: (520) 206-4519 Date: December 14, 2006

See accompanying notes to report.

Pima County Community College District
Annual Budgeted Expenditure Limitation Report—Part II
Year Ended June 30, 2006

Description	Current Funds			Plant Funds		Total
	Unrestricted			Unexpended	Retirement of Indebtedness	
	General	Auxiliary Enterprises	Restricted			
A. Total budgeted expenditures	\$ 117,004,323	\$ 376,163	\$ 25,529,425	\$ 11,088,826	\$ 16,136,738	\$ 170,135,475
B. Less exclusions claimed:						
Debt service requirements on bonded indebtedness (Note 2)					14,166,325	14,166,325
Debt service requirements on other long-term obligations (Note 2)					1,578,066	1,578,066
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	2,215,923	81,383	41,803	398,704	341,121	3,078,934
Grants and aid from the federal government (Note 4)			22,279,565		51,226	22,330,791
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	6,000	4,607	396,286			406,893
Amounts received from the State of Arizona for the purchase of land, and the purchase or construction of buildings or improvements				3,268,000		3,268,000
Amounts accumulated for the purchase of land and the purchase or construction of buildings and improvements (Note 5)				2,078,863		2,078,863
Contracts with other political subdivisions (Note 4)	825,753		250,000			1,075,753
Tuition and fees (Notes 4 and 6)	35,233,253					35,233,253
Total exclusions claimed	<u>38,280,929</u>	<u>85,990</u>	<u>22,967,654</u>	<u>5,745,567</u>	<u>16,136,738</u>	<u>83,216,878</u>
C. Amounts subject to the expenditure limitation	<u>\$ 78,723,394</u>	<u>\$ 290,173</u>	<u>\$ 2,561,771</u>	<u>\$ 5,343,259</u>	<u>\$ -</u>	<u>\$ 86,918,597</u>

See accompanying notes to report.

Pima County Community College District
Notes to Annual Budgeted Expenditure Limitation Report
Year Ended June 30, 2006

Note 1 - Summary of Significant Accounting Policies

The Annual Budgeted Expenditure Limitation Report (ABELR) is presented on the basis of accounting prescribed by the uniform expenditure reporting system (UERS), as required by Arizona Revised Statutes (A.R.S.) §41-1279.07, which excludes expenditures of certain revenues specified in the Arizona Constitution, Article IX, §21 from the total budgeted expenditures.

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

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

Note 2 - Exclusions claimed for debt service requirements on bonded indebtedness and debt service requirements on other long-term obligations are \$14,166,325 and \$1,578,066, respectively. Both amounts are included in the amounts reported as principal paid on capital debt and interest paid on capital debt on the Statement of Cash Flows.

Note 3 - Of the \$3,084,756 reported as investment income on the Statement of Revenues, Expenses, and Changes in Net Assets, only \$3,078,934 was claimed as an exclusion because \$5,822 of investment income of the student loan fund is not subject to the expenditure limitation.

Note 4 - The following schedule presents revenues from which exclusions have been claimed for grants and aid from the federal government, contracts with other political subdivisions, and tuition and fees:

Statement of Revenues, Expenses, and Changes in Net Assets:		ABELR:	
		Grants and aid from the federal government	\$22,330,791
Federal grants and contracts	\$22,316,240	Contracts with other political subdivisions	1,075,753
State and local grants and contracts	6,411,549	Tuition and fees (Note 6)	<u>3,777,876</u>
Capital gifts and grants	<u>51,226</u>	Total exclusions claimed	<u>27,184,420</u>
Total	<u>\$28,779,015</u>	Other revenues (nonexcludable)	<u>1,594,595</u>
		Total	<u>\$28,779,015</u>

Pima County Community College District
Notes to Annual Budgeted Expenditure Limitation Report
Year Ended June 30, 2006

Note 5 - The exclusion claimed for amounts accumulated for the purchase of land and the purchase or construction of buildings and improvements of \$2,078,863 is included in operating expenses on the Statement of Revenues, Expenses, and Changes in Net Assets and was for noncapitalized building renovations.

Note 6 - Of the gross tuition and fees of \$34,967,569 reported on the Statement of Revenues, Expenses, and Changes in Net Assets, \$31,455,377 was expended and claimed as an exclusion. The remaining \$3,512,192 has been carried forward to future years. In addition, \$3,777,876 of the exclusion claimed for tuition and fees is reported as part of the \$6,411,549 in state and local grants and contracts revenues on the Statement of Revenues, Expenses, and Changes in Net Assets and was for contract instruction tuition expended.