

Pinal County Community College District (Central Arizona College)

Annual Budgeted Expenditure
Limitation Report

Year Ended June 30, 2023

A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





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**ARIZONA
AUDITOR
GENERAL**

Lindsey A. Perry, Auditor General

Independent accountants' report

Members of the Arizona State Legislature

The Governing Board of
Pinal County Community College District

Annual Budgeted Expenditure Limitation Report

We have examined the accompanying Annual Budgeted Expenditure Limitation Report (report) of Pinal County Community College District for the year ended June 30, 2023, and the related notes to the report. The District's management is responsible for presenting this report in accordance with the Uniform Expenditure Reporting System as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

Accountants' responsibilities

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the Uniform Expenditure Reporting System in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

Opinion

In our opinion, the Annual Budgeted Expenditure Limitation Report referred to above is presented in accordance with the Uniform Expenditure Reporting System as described in Note 1 in all material respects.

Emphasis of matters

As described on Part I of the report, the District reported it intentionally violated Arizona Constitution, Article IX, §21, and exceeded its expenditure limitation by \$4,405,442 for the year ended June 30, 2023. In lieu of the penalties prescribed in A.R.S. §41-1279.07(l) for exceeding the expenditure limitation, the District's penalty will be reduced to \$20,000 pursuant to Laws 2022, Ch. 367. Although the District has sufficient prior-year unexpended carryforward revenues available for it to use to be under the expenditure limitation, the District did not use these carryforward revenues. Our opinion is not modified with respect to this matter.

As described in Note 10 of the report, the District restated its grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts; and grants, aid, contributions, or gifts from a private agency, organization, or individual carryforward balances for fiscal year 2022 to correct misstatements in its previously issued Annual Budgeted Expenditure Limitation Reports. Our opinion is not modified with respect to this matter.

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

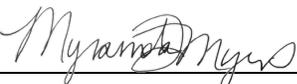
February 17, 2026

**Pinal County Community College District
 (Central Arizona College)
 Annual Budgeted Expenditure Limitation Report—Part I
 Year ended June 30, 2023**

1. Economic Estimates Commission expenditure limitation	\$36,735,233
2. Amount subject to the expenditure limitation (total amount from Part II, line C)	<u>41,140,675</u>
3. Amount in excess of the expenditure limitation	<u>\$ (4,405,442)</u>

In July 2022, the Arizona state legislature passed and the governor approved Laws 2022, Ch. 367, Sec. 1(3) (House Bill 2017), setting the penalties for community college districts that exceed their expenditure limitation as prescribed in Article IX, §21, of the Arizona Constitution. For fiscal year 2022-2023, the district shall have \$20,000 of state aid withheld for exceeding the limit by greater than ten percent but less than twelve percent of the expenditure limitation. The District claimed enough exclusions to have the amount in excess of the expenditure limitation to be an amount that allows the District to take advantage of the reduced penalty.

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 financial officer: 

Name and Title: Myranda Myers, Comptroller

Telephone number: (520) 494-5283 Date: February 17, 2026

See accompanying notes to report.

**Pinal County Community College District
(Central Arizona College)
Annual Budgeted Expenditure Limitation Report—Part II
Year ended June 30, 2023**

A. Total budgeted expenditures	\$ 81,199,000
B. Less exclusions claimed:	
Debt proceeds (Note 2)	3,388,092
Debt service requirements (Note 3)	7,604,334
Dividends, interest, and gains on the sale or redemption of investment securities	2,687,140
Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts (Note 4)	15,278,585
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 6)	170,602
Amounts received from the State for the purchase of land, and the purchase or construction of buildings or improvements (Note 5)	2,919,079
Tuition and fees (Note 7)	5,612,944
Amounts received from the State of Arizona for workforce development in accordance with A.R.S. §15-1472 (Note 8)	821,413
Prior years carryforward (Note 9)	<u>1,576,136</u>
Total exclusions claimed	<u>40,058,325</u>
C. Amounts subject to the expenditure limitation	<u>\$ 41,140,675</u>

See accompanying notes to report.

**Pinal County Community College District
 (Central Arizona College)
 Notes to Annual Budgeted Expenditure Limitation Report
 Year ended June 30, 2023**

Note 1 - Summary of significant accounting policies

The Annual Budgeted Expenditure Limitation Report (ABELR) is presented as prescribed by the Uniform Expenditure Reporting System (UERS), as required by the Arizona Revised Statutes (A.R.S.) §41-1279.07. The ABELR excludes expenditures of certain revenues specified in the Arizona Constitution, Article IX, §21, and A.R.S. §§15-792.03, 15-795.01, 15-1444, and 15-1472, as applicable, from the total budgeted expenditures.

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

Note 2

The exclusion claimed for debt proceeds includes \$3,388,092 reported as purchases of capital assets on the statement of cash flows—primary government.

Note 3

The exclusion claimed for debt service requirements includes \$7,604,334 reported as principal and interest paid on capital debt on the statement of cash flows—primary government.

Note 4

The following schedule presents revenues from which exclusions have been claimed for government grants, aid, or contributions:

Statement of revenues, expenses and changes in net position—primary government:

Government grants	\$14,231,817
Smart and Safe Arizona fund appropriations	<u>2,470,938</u>
Total	<u>\$16,702,755</u>

Annual budgeted expenditure limitation report:

Grants, aid or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts	\$15,278,585
Nonexcludable revenues	112,092
Unspent, excludable revenues carried forward	<u>1,312,078</u>
Total	<u>\$16,702,755</u>

**Pinal County Community College District
 (Central Arizona College)
 Notes to Annual Budgeted Expenditure Limitation Report
 Year ended June 30, 2023**

Note 5

The Pinal County Community College District Governing Board approved the accumulation of \$15,000,000 for the purpose of capital expenditures. Of this amount, \$2,919,079 was expended on the purchase of land, buildings, or improvements or construction of buildings or improvements and claimed as an exclusion. The remaining unspent, excludable revenues of \$12,080,921 have been carried forward to future years.

Note 6

Of the \$196,613 reported as private grants and gifts on the statement of revenues, expenses and changes in net position—primary government, \$170,602 was expended and claimed as an exclusion. The remaining unspent, excludable revenues of \$26,011 have been carried forward to future years.

Note 7

The District does not budget tuition and fees revenue net of scholarship allowances. The following schedule presents revenues from which exclusions have been claimed for tuition and fees and dormitory rentals and fees.

Statement of revenues, expenses and changes in net position—

primary government:

Tuition and fees (gross)	\$5,006,640
Dormitory rentals and fees (gross)	550,130
Bookstore income	<u>56,174</u>
Total	<u>\$5,612,944</u>

Annual budgeted expenditure limitation report:

Tuition and fees	\$5,612,944
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Note 8

Amounts received from the State of Arizona for workforce development in accordance with A.R.S. §15-1472 are reported as the share of State sales taxes on the statement of revenues, expenses, and changes in net position—primary government. Of these excludable revenues, only \$821,413 was expended and claimed as an exclusion. The remaining \$473,092 has been carried forward to future years.

**Pinal County Community College District
(Central Arizona College)
Notes to Annual Budgeted Expenditure Limitation Report
Year ended June 30, 2023**

Note 9

Prior years' carryforward consists of constitutionally excludable revenues unexpended in the year of receipt that have accumulated and were expended in the current year as follows:

Description	Total
Grants, aid, contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts	\$ 3,173
Tuition and fees	<u>1,572,963</u>
Total prior years carryforward expended	<u>\$1,576,136</u>

Note 10

Revenues that are constitutionally excludable and unexpended in the year of receipt may be accumulated and excluded in future years when spent. The June 30, 2022, beginning carryforward balance was restated for grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts by \$95,047; and grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes, by \$61,676 to properly exclude amounts that were no longer available for exclusion by the District at June 30, 2022. The reduction in carryforward amounts received from grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts includes \$1,808,009 of amounts that are no longer available for exclusion by the District and the beginning balance for grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes was restated to \$0. A summary of the excludable revenue sources and the changes in those balances is shown in the table below:

Description	Balance June 30, 2022, as restated	Carryforward added	Carryforward used	Balance June 30, 2023
Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts	\$ 2,435,725	\$ 1,312,078	\$1,811,182	\$ 1,936,621
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes		26,011		26,011
Contracts with other political subdivisions or tribal governments	15,337			15,337
Tuition and fees	16,805,232		1,572,963	15,232,269
Amounts received from the State for the purchase of land, buildings or improvements	49,838,085	12,080,921		61,919,006
Amounts received from the State of Arizona for workforce development in accordance with A.R.S. §15-1472	<u>1,277,651</u>	<u>473,092</u>		<u>1,750,743</u>
Total carryforward	<u>\$70,372,030</u>	<u>\$13,892,102</u>	<u>\$3,384,145</u>	<u>\$80,879,987</u>

