



Annual Budgeted Expenditure Limitation Report Year Ended June 30, 2025

Pima County Community College District



Lindsey A. Perry
Auditor General

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The Arizona Auditor General's mission is to provide independent and impartial information, impactful recommendations, and stakeholder education to improve Arizona government for its citizens. To this end, the Office conducts financial statement audits and provides certain accounting services to the State and political subdivisions, investigates possible criminal violations involving public officials and public monies, and conducts performance audits and special reviews of school districts, State agencies, and the programs they administer.

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The Joint Legislative Audit Committee consists of 5 Senate members appointed by the Senate President and 5 House members appointed by the House Speaker. The Committee is responsible for overseeing the Office, including (1) overseeing all audit functions of the Legislature and State agencies, including sunset, performance, special, and financial audits; special research requests; and the preparation and introduction of legislation resulting from audit report findings; (2) requiring State agencies to comply with audit findings and recommendations; (3) receiving status reports regarding the progress of school districts to implement recommendations; and (4) scheduling hearings to review the status of State agencies and school districts.

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Representative **Stephanie Stahl-Hamilton**

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Representative **Steve Montenegro** (ex officio)

Audit staff

Katherine Edwards Decker, Director

Taryn Stangle, Manager

Contact information

 (602) 553-0333

 contact@azauditor.gov

 www.azauditor.gov

2910 N. 44th St., Ste. 410
Phoenix, AZ 85018-7271

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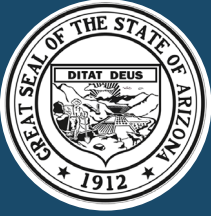
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**ARIZONA
AUDITOR
GENERAL**

Lindsey A. Perry, Auditor General

Independent accountants' report

Members of the Arizona State Legislature

The Governing Board of
Pima County Community College District

We have examined the accompanying Annual Budgeted Expenditure Limitation Report (report) of Pima County Community College District for the year ended June 30, 2025, and the related notes to the report. The District's management is responsible for presenting this report in accordance with the Uniform Expenditure Reporting System as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

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

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

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

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

June 26, 2026

The District prepared the subsequent pages of this document.

Annual Budgeted Expenditure Limitation Report (ABELR):

▶ Part I

In Part I, the District compares its expenditure limitation amount—determined by the Economic Estimates Commission in accordance with Arizona Revised Statutes (A.R.S.) §41-563—to the budgeted expenditures subject to the expenditure limitation to determine whether the District exceeded its expenditure limitation.

▶ Part II

In Part II, the District identifies its payments made from revenues that are not considered to be local revenues as defined by the Arizona Constitution, Article IX, §21(4), and other statutory provisions (exclusions) to determine the amount subject to the expenditure limitation reported on Part I because the Arizona Constitution, Article IX, §21, limits the spending of local revenues only.

▶ Reconciliation

The reconciliation of total expenditures reported within the annual financial statements to total expenditures stated within the ABELR is required by A.R.S. §41-1279.07. To perform this reconciliation, the District uses the total expenses, special items, and extraordinary items reported in its annual financial statements and makes adjustments (i.e., subtractions and additions) for certain generally accepted accounting principle requirements and other provisions to arrive at the District's total Uniform Expenditure Reporting System (UERS)-basis expenditures. Additionally, the District's expenditure limitation applies to its budgeted expenditures of local revenues while exclusions from local revenues presented on Part II are calculated based on actual expenditures reported in the District's financial statements.

▶ Notes to the ABELR

In the Notes to the ABELR, the District describes its significant accounting policies used in preparing the ABELR and includes a note for any exclusion, subtraction, and addition included on Part II and the Reconciliation that cannot be agreed directly to an amount reported in its annual financial statements as prescribed by the UERS.

The results of our examination procedures on the ABELR are described in the independent accountants' report.

**Pima County Community College District
Annual Budgeted Expenditure Limitation Report—Part I
Year ended June 30, 2025**

| | |
|--|--------------------|
| 1. Economic Estimates Commission expenditure limitation | \$ 137,938,978 |
| 2. Total amount subject to the limitation (from Part II, line C) | <u>137,938,977</u> |
| 3. Amount under the expenditure limitation | <u><u>\$ 1</u></u> |

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the Uniform Expenditure Reporting System.

Signature of chief fiscal officer: 

Name and title: David W. Bea, Executive Vice Chancellor for Finance and Administration

Telephone number: (520) 206-4519 Date: June 26, 2026

**Pima County Community College District
Annual Budgeted Expenditure Limitation Report—Part II
Year ended June 30, 2025**

| Description | Total |
|---|-----------------------|
| A. Final adopted budgeted expenditures from Reconciliation, line E.3 | \$ 301,184,790 |
| B. Less exclusions claimed: | |
| Debt service requirements (Note 3) | 4,976,185 |
| Dividends, interest, and gains on the sale or redemption of investment securities (Note 4) | 7,152,289 |
| Grants, aid, or contributions from the federal government, and grants and donations from the State of Arizona or its other political subdivisions, tribal governments, or special taxing districts (Note 5) | 60,680,426 |
| Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 5) | 2,664,774 |
| Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 6) | 522,634 |
| Contracts with other political subdivisions or tribal governments | 8,622,894 |
| Tuition and fees (Notes 5 and 7) | 45,277,012 |
| Refunds, reimbursements, and other recoveries (Note 5) | 812,669 |
| Amounts earned through research and entrepreneurial activities (Notes 5 and 8) | 908,618 |
| Amounts received from the State of Arizona for workforce development in accordance with A.R.S. §15-1472 | 4,474,842 |
| Prior years carryforward (Note 9) | 27,153,470 |
| Total exclusions claimed | <u>163,245,813</u> |
| C. Amount subject to the expenditure limitation | <u>\$ 137,938,977</u> |

See accompanying notes to report.

**Pima County Community College District
Annual Budgeted Expenditure Limitation Report—Reconciliation
Year ended June 30, 2025**

| Description | Total |
|--|-----------------------------|
| A. Total operating and nonoperating expenses and applicable special items and extraordinary items reported within the financial statements | \$ 264,426,528 |
| B. Subtractions: | |
| 1. Items not requiring use of current financial resources: | |
| a. Depreciation and amortization | 14,018,093 |
| b. Bad debt expense (Note 13) | 5,886 |
| c. Pension and other postemployment benefits (OPEB) expense (Note 10) | 10,588,195 |
| d. Claims incurred but not reported (IBNR) (Note 11) | 10,986,352 |
| e. Compensated absences (Note 12) | 753,713 |
| 2. Total subtractions | <u>36,352,239</u> |
| C. Additions: | |
| 1. Principal payments on long-term debt | 6,269,323 |
| 2. Amortization of bond premiums (Note 3) | 581,125 |
| 3. Capital asset acquisitions | 24,661,547 |
| 4. Amounts paid in the current year but reported as expenses in previous years: | |
| a. Claims previously recognized as IBNR (Note 11) | 10,592,352 |
| 5. Pension and OPEB contributions paid in the current year (Note 10) | 12,948,841 |
| 6. Scholarship allowance | 18,057,313 |
| 7. Total additions | <u>73,110,501</u> |
| D. Total financial statement expenses adjusted to UERS-basis actual expenditures (Line A. - Line B.2. + Line C.7.) | <u>301,184,790</u> |
| E. Total budgeted expenditures | |
| 1. Original adopted budgeted expenditures | 373,840,000 |
| 2. Final adopted budget adjustment (Note 2) | (72,655,210) |
| 3. Total budgeted expenditures subject to the expenditure limitation (reported on part II, line A) | <u><u>\$301,184,790</u></u> |

See accompanying notes to report.

Pima County Community College District

Notes to Annual Budgeted Expenditure Limitation Report

Year ended June 30, 2025

Note 1 - Summary of significant accounting policies

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

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

Note 2 - Total budgeted expenditures

The District records expenditures on the financial statements in accordance with generally accepted accounting principles applicable to public institutions engaged only in business-type activities adopted by the Governmental Accounting Standards Board (GASB). Subtractions and additions were made to reflect actual expenditures incurred by the District. Because the District's actual expenditures were less than the original budgeted expenditures, the District adopted a final budget equal to its UERS-basis actual expenditures. For additional information, see Notes 10 through 13, and the Reconciliation.

Note 3

The \$4,976,185 exclusion claimed for debt service requirements includes principal and interest paid on capital debt of \$2,812,645 and \$2,163,540 respectively. The interest exclusion is reported within the \$1,839,143 interest expense amount reported on the statement of revenues, expenses and changes in net position - primary government, which is net of \$581,125 amortization of bond premium.

Note 4

The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$7,152,289 consists of expended investment earnings reported on the statement of revenues, expenses, and changes in net position - primary government of \$7,177,876. The remaining \$25,587 was not excludable.

Pima County Community College District
Notes to Annual Budgeted Expenditure Limitation Report
Year ended June 30, 2025

Note 5

The following schedule presents revenues from which exclusions have been claimed for federal grants, state appropriations, state and local grants, contracts, gifts, commissions and rents, and other operating revenues:

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

| | |
|--------------------------|----------------------|
| Federal grants | \$ 50,778,938 |
| State appropriations | 9,391,166 |
| State and local grants | 1,969,166 |
| Contracts | 9,081,801 |
| Gifts | 1,779,618 |
| Commissions and rents | 697,569 |
| Other operating revenues | 1,485,988 |
| Total | <u>\$ 75,184,246</u> |

Annual budgeted expenditure limitation report:

| | |
|---|----------------------|
| Grants, aid, or contributions from the federal government, and grants and donations from the State of Arizona or its other political subdivisions, tribal governments, or special taxing districts (Federal grants, state and local grants, and state appropriations) | \$ 60,680,426 |
| Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Gifts and state and local grants) | 2,664,774 |
| Contracts with other political subdivisions or tribal governments (Contracts) | 8,491,352 |
| Contracts with other political subdivisions or tribal governments (Commissions and rents) | 131,542 |
| Tuition and fees (Contracts) | 387,218 |
| Tuition and fees (Commissions and rents and other operating revenues) | 339,080 |
| Amounts earned through research and entrepreneurial activities (Commission and rents and other operating revenues) | 908,618 |
| Refunds, reimbursements, and other recoveries (Contracts and other operating revenues) | 812,669 |
| Total exclusions claimed (Operating and Nonoperating) | <u>74,415,679</u> |
| Unspent, excludable revenues carried forward | 768,567 |
| Total | <u>\$ 75,184,246</u> |

Pima County Community College District
Notes to Annual Budgeted Expenditure Limitation Report
Year ended June 30, 2025

Note 6

The Pima County Community College District Governing Board approved the accumulation of money for the purpose of purchasing land or buildings, or construction of buildings or improvements. Of the \$17,468,329 expended for construction in progress, \$522,634 was claimed as an exclusion, \$16,699,652 was claimed as an exclusion under Grants aid, or contributions from the federal government, and grants and donations from the State of Arizona or its other political subdivisions, tribal governments, or special taxing districts. The remaining \$246,043 was not excludable.

Note 7

The District does not budget tuition and fees revenue net of scholarship allowances. The exclusion claimed for tuition and fees of \$45,277,012 consists of the \$44,550,714 of the gross tuition and fees reported on the statement of revenues, expenses and changes in net position-primary government. As shown in Note 5, the amount expended and excluded for tuition and fees also includes \$387,218 reported in contracts, \$321,517 in bookstore revenues reported in commissions and rents, and \$17,563 in athletic ticket sales reported in other operating revenues on the statement of revenues, expenses, and changes in net position-primary government.

Note 8

The exclusion claimed for amounts earned through research and entrepreneurial activities of \$908,618 consists of expended commissions and rent revenues of \$244,510 and other operating revenue of \$664,108 reported on the statement of revenues, expenses, and changes in net position-primary government.

Note 9

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

| Description | Total |
|--|----------------------|
| Dividends, interest, and gains on the sale or redemption of investment securities | \$ 218,301 |
| Grants, aid, or contributions from the federal government, and grants and donations from the State of Arizona or its other political subdivisions, tribal governments, or special taxing districts | 13,494,550 |
| Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes | 29,135 |
| Tuition and fees | 11,606,497 |
| Amounts received from the State of Arizona for workforce development in accordance with A.R.S. §15-1472 | 1,804,987 |
| Total prior years carryforward expended | <u>\$ 27,153,470</u> |

Pima County Community College District
Notes to Annual Budgeted Expenditure Limitation Report
Year ended June 30, 2025

Note 10

The \$10,588,195 subtraction for pension and other post-employment benefit (OPEB) expense consists of changes in the net pension and OPEB assets and liabilities and changes in deferred inflows and outflows related to pensions and OPEB recognized in the current year. The \$12,948,841 addition for pension and OPEB contributions paid in the current year consists of the required pension and OPEB contributions made to the Arizona State Retirement System and the Public Safety Personnel Retirement System. The schedule below reconciles the net effect the subtraction and addition have on the expenditures subject to the limitation to the amounts reported on the statement of cash flows' net effect on cash.

| | Total |
|--|------------------------------|
| Statement of cash flows | |
| Change in net pension and OPEB asset | \$ (388,059) |
| Change in deferred inflows related to pensions and OPEB | 4,002,685 |
| Change in deferred outflows related to pensions and OPEB | 1,342,776 |
| Change in net pension and OPEB liability | <u>(7,318,048)</u> |
| Total | <u><u>\$ (2,360,646)</u></u> |
| ABELR – Reconciliation | |
| Pension/OPEB contributions – addition | \$ 12,948,841 |
| Pension/OPEB expense(income) – subtraction | <u>(10,588,195)</u> |
| Total | <u><u>\$ 2,360,646</u></u> |

Note 11

The \$10,986,352 subtraction for claims incurred but not reported consists of the estimated costs of claims incurred and expensed in the current year but not yet paid. The \$10,592,352 addition for claims paid in the current year, but reported as expenses incurred but not reported in previous years, consists of cash payments in the current year for claims recognized as an expense in previous years.

Note 12

The \$753,713 subtraction for compensated absences consists of the estimated costs of compensated absences incurred and expensed in the current year but not yet paid.

Pima County Community College District
Notes to Annual Budgeted Expenditure Limitation Report
Year ended June 30, 2025

Note 13

The \$5,886 subtraction for bad debt expense consists of \$1,598 reported as auxiliary enterprises expenses, and \$4,288 as institutional support expenses.

Note 14

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

| Description | Balance June 30, 2024 | Carryforward added | Carryforward used | Balance June 30, 2025 |
|--|----------------------------------|-------------------------------|------------------------------|----------------------------------|
| Dividends, interest, and gains on the sale or redemption of investment securities | \$ 830,378 | \$ | \$ 218,301 | \$ 612,077 |
| Grants, aid, or contributions from the federal government, and grants and donations from the State of Arizona or its other political subdivisions, tribal governments, or special taxing districts | 17,672,456 | 362,947 | 13,494,550 | 4,540,853 |
| Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes | 128,828 | 210,740 | 29,135 | 310,433 |
| Tuition and fees | 98,625,657 | 194,880 | 11,606,497 | 87,214,040 |
| Amounts received from the State of Arizona for workforce development in accordance with ARS §15-1472 | 1,804,987 | | 1,804,987 | |
| Total carryforward | <u>\$ 119,062,306</u> | <u>\$ 768,567</u> | <u>\$ 27,153,470</u> | <u>\$ 92,677,403</u> |