Annual Budgeted Expenditure Limitation Report
Year Ended June 30, 2025

Cochise County Community College District

Lindsey A. Perry
Auditor General

Arizona Auditor General's mission

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.

The Joint Legislative Audit Committee

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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ARIZONA AUDITOR GENERAL

Lindsey A. Perry, Auditor General

Independent accountants' report

Members of the Arizona State Legislature

The Governing Board of
Cochise County Community College District

We have examined the accompanying Annual Budgeted Expenditure Limitation Report (report) of Cochise 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

August 10, 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.

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

1.	Economic Estimates Commission expenditure limitation	$ 73,173,322
2.	Total amount subject to the limitation (from Part II, line C)	65,394,754
3.	Amount under the expenditure limitation	$ 7,778,568

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: Wendy Davis

Name and title: Dr. Wendy F. Davis, Executive Vice President for Administration

Telephone number: (520) 515-5464 Date: August 10, 2026

See accompanying notes to report.

Cochise 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	$ 86,373,992
B.	Less exclusions claimed:	
	Debt service requirements (Note 3)	2,565,000
	Dividends, interest, and gains on the sale or redemption of investment securities (Note 12)	350,953
	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 4)	10,322,370
	Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 5)	797,841
	Tuition and fees (Notes 11)	187,238
	Amounts received from the State of Arizona for workforce development in accordance with A.R.S. §15-1472 (Note 6)	1,105,732
	Prior years carryforward (Note 8)	5,650,104
	Total exclusions claimed	20,979,238
C.	Amount subject to the expenditure limitation	$ 65,394,754

Cochise 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	$ 63,639,441
B.	Subtractions:	
	1. Items not requiring use of current financial resources:	
	a. Depreciation and amortization	6,400,892
	b. Bad debt expense (Note 7)	1,606
	c. Pension and other postemployment benefits (OPEB) expense (Note 9)	2,125,262
	d. Compensated absences (Note 10)	2,082,904
	2. Total subtractions	$ 10,610,664
C.	Additions:	
	1. Principal payments on long-term debt	2,690,681
	2. Amortization of bond premiums (Note 3)	291,180
	3. Capital asset acquisitions	21,246,571
	4. Amounts paid in the current year but reported as expenses in previous years:	
	a. Compensated absences (Note 10)	2,055,506
	5. Pension and OPEB contributions paid in the current year (Note 9)	3,041,578
	6. Scholarship allowance	4,019,699
	7. Total additions	33,345,215
D.	Total financial statement expenses adjusted to UERS-basis actual expenditures (Line A. - Line B.2. + Line C.7.)	$ 86,373,992
E.	Total budgeted expenditures	
	1. Original adopted budgeted expenditures	97,748,714
	2. Final adopted budget adjustment (Note 2)	(11,374,722)
	3. Total budgeted expenditures subject to the expenditure limitation (reported on part II, line A)	$ 86,373,992

See accompanying notes to report.

Cochise 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 #7, #9 and #10 and the Reconciliation.

Note 3

The exclusion claimed for debt service requirements is included in the amounts reported as principal paid on capital debt and interest paid on capital debt on the statement of cash flows—primary government. The $2,565,000 exclusion claimed for debt service requirements includes principal and interest paid on capital debt of $2,060,000 and $505,000, respectively. The interest exclusion is reported within the $331,603 interest expense on debt amount on the statement of revenues, expenses and changes in net position - primary government, which is net of $291,180 amortization of bond premium.

Note 4

The following schedule presents revenues from which exclusions have been claimed for government grants and contracts:

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

Government grants and contracts	$ 11,266,619
Total	$ 11,266,619

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 (Exclusions claimed)	$ 10,322,370
Nonexcludable revenues	727,107
Unspent, excludable revenues carried forward	217,142
Total	$ 11,266,619

Note 5

The $797,841 recorded as private gifts on the statement of revenues, expenses, and changes in net position—primary government was expended and claimed as an exclusion for grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes.

Note 6

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 $1,105,732 was expended and claimed as an exclusion. The remaining unspent excludable revenues of $855,197 have been carried forward to future years.

Note 7

The subtraction for the reconciling item of bad debt expense of $1,606 consists of uncollectible balances written off by the College that were recorded in the expense line item for Institutional support, on the statement of revenues, expenses, and changes in net position-primary government.

Note 8

Revenues that are constitutionally excludable and unexpended in the year of receipt may be accumulated and excluded in future years when spent. Unspent, excludable revenues of $2,103,379 for dividends, interest, and gains on the sale or redemption of investment securities have been carried forward to future years. Prior years carryforward of excludable revenues of $792,251 for dividends, interest, and gains on the sale or redemption of investment securities was used. Unspent excludable revenues of $217,142 for 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 have been carried forward to future years. Prior years carryforward of excludable revenues of $4,236,494 for grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes was used. Unspent, excludable revenues of $7,171,446 for tuition and fees have been carried forward to future years. Prior years carryforward of excludable revenues of $621,359 for tuition and fees was used. Unspent, excludable revenues of $855,197 for amounts received from the State of Arizona for workforce development in accordance with A.R.S. §15-1472 have been carried forward to future years. 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	$ 5,121,489	$ 2,103,379	$ 792,251	$ 6,432,617
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	443,527	217,142		660,669
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	6,049,101		4,236,494	1,812,607
Tuition and fees	34,361,284	7,171,446	621,359	40,911,371
Amounts received from the State of Arizona for workforce development in accordance with ARS §15-1472	2,656,328	855,197		3,511,525
Total carryforward	$ 48,631,729	$ 10,347,164	$ 5,650,104	$ 53,328,789

Note 9

The $2,125,262 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 $3,041,578 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. 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.

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

		Total
Statement of cash flows		
Change in net pension and OPEB asset	$	(117,322)
Change in deferred inflows related to pensions and OPEB		431,568
Change in deferred outflows related to pensions and OPEB		(1,022,190)
Change in net pension and OPEB liability		(146,551)
Total	$	(854,495)
ABELR—Reconciliation		
Pension/OPEB contributions—addition	$	3,041,578
Pension/OPEB expense(income)—subtraction		(2,125,262)
Pension/OPEB expense adjustment		(61,821)
Total	$	854,495

Note 10

The $2,082,904 subtraction for compensated absences consists of the estimated costs of compensated absences incurred and expensed in the current year but not yet paid. The $2,055,506 addition for compensated absences in the current year, but reported as expenses in previous years, consists of cash payments in the current year for compensated absences recognized as an expense in previous years.

Note 11

The District does not budget tuition and fees net revenues of scholarship allowances. Of the net tuition and fees of $7,358,684 reported on the statement of revenues, expenses, and changes in net position-primary government, $187,238 was expended and claimed as an exclusion for tuition and fees. Remaining amount of $7,171,446 has been carried forward to future years.

Note 12

Of the Investment earnings of $2,454,332 reported on the statement of revenues, expenses, and changes in net position-primary government, $350,953 was expended and claimed as an exclusion for dividends, interest, and gains on the sale of redemtpion of investment securities. Remaining unspent, excludable revenue of $2,103,379 has been carried forward to future years.