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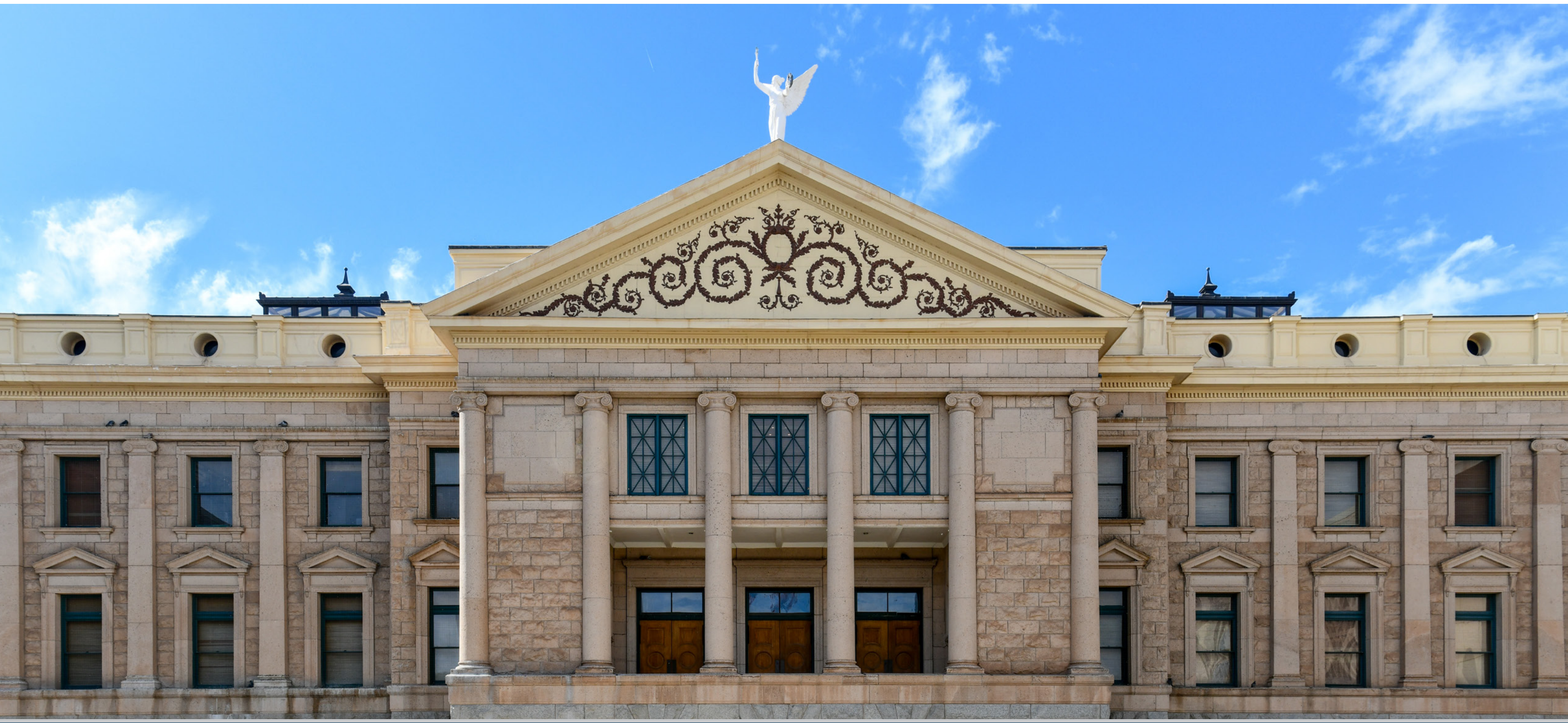
Annual Budgeted Expenditure Limitation Report
Year Ended June 30, 2025

Gila County Provisional 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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Independent accountants' report

Members of the Arizona State Legislature

The Governing Board of
Gila County Provisional Community College District

We have examined the accompanying Annual Budgeted Expenditure Limitation Report (report) of Gila County Provisional 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.

Emphasis of Matter

As described in Part I of the report, the District reported it intentionally violated Arizona Constitution, Article IX, §21, and exceeded its expenditure limitation by $1,651,456 for the year ended June 30, 2025. In lieu of the penalties prescribed in A.R.S. §41-1279.07(I) for exceeding the expenditure limitation, the District's penalty will be assessed pursuant to Laws 2023, Ch. 184, Sec 3(4). 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.

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

August 24, 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.

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

1.	Economic Estimates Commission expenditure limitation	$ 4,831,807
2.	Total amount subject to the limitation (from Part II, line C)	6,483,263
3.	Amount in excess of the expenditure limitation	$ (1,651,456)

The District has sufficient unexpended carryforward revenues available for use to be under the expenditure limitation, however the Board approved on March 26, 2026, to not utilize unexpended carryforward revenues, but rather to save them for use in future fiscal years, to take advantage of the reduced penalty under laws 2023, Chapter 184, Sec 3(4).

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: Fernando Shipley
Fernando Shipley (Aug 24, 2026 10:57:13 PDT)

Name and title: Fernando Shipley, GCCCD Governing Board Treasurer and CFO

Telephone number: 928-701-3424 Date: 08/24/2026

See accompanying notes to report.

Gila County Provisional 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	$	7,847,221
B.	Less exclusions claimed:		
	Dividends, interest, and gains on the sale or redemption of investment securities		360,648
	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 3)		150,487
	Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 3)		107,125
	Amounts received from the State of Arizona for workforce development in accordance with A.R.S. §15-1472 (Note 3)		57,682
	Contracts with other political subdivisions or tribal governments (Note 3)		556,828
	Prior years carryforward (Note 4)		131,188
	Total exclusions claimed		1,363,958
C.	Amount subject to the expenditure limitation	$	6,483,263

See accompanying notes to report.

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

	Description	Total
A.	Total expenditures reported within the financial statements	$ 7,847,221
B.	Subtractions:	-
C.	Additions:	-
D.	Total financial statement expenditures adjusted to UERS-basis actual expenditures (Line A. - Line B. + Line C.)	7,847,221
E.	Total budgeted expenditures	
	1. Original adopted budgeted expenditures	9,210,464
	2. Final adopted budget adjustment (Note 2)	(1,363,243)
	3. Total budgeted expenditures subject to the expenditure limitation (reported on part II, line A)	$ 7,847,221

See accompanying notes to report.

Gila County Provisional 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. As a Provisional District, fund-based financial statements are presented rather than business-type activities and, therefore, most of the subtractions and additions do not apply.

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 has adopted a final budget equal to its UERS-basis actual expenditures. The District reported a budget adjustment of $1,363,243 which is attributable to vacancy savings and a reduction in operating costs passed through from Eastern Arizona College (EAC) related to the transition from a provisional community college operating under EAC to an accredited institution.

Note 3

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

Statement of governmental fund revenues, expenditures, and changes in fund balance:

Operating grants and contracts	$	919,926
Workforce development		361,825
State appropriations		495,800
Smart and Safe Arizona Fund appropriations		374,851
Total	$	2,152,402

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

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	$ 150,487
Amounts received from the State of Arizona for workforce development in accordance with A.R.S. §15-1472	57,682
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	107,125
Contracts with other political subdivisions or tribal governments	556,828
Total exclusions claimed	872,122
Nonexcludable revenues	237,800
Unspent, excludable revenues carried forward	1,042,480
Total	$ 2,152,402

Note 4

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
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	$ 2,988,980	$ 482,364		$ 3,471,344
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	275,537	255,973	$ 131,188	400,322
Amounts received from the State of Arizona for workforce development in accordance with ARS §15-1472	970,996	304,143		1,275,139
Total carryforward	$ 4,235,513	$ 1,042,480	$ 131,188	$ 5,146,805