



Comprehensive Annual Financial Report



Fiscal Year Ended
June 30, 2014





PimaCountyCommunityCollegeDistrict
District Office

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2014

Prepared by

District Finance Office
Budget and Reporting Department
4905D East Broadway Boulevard
Tucson, Arizona 85709-1220

Introductory Section	
Letter of Transmittal.....	1
Certificate of Achievement	9
Organization Chart	10
List of Principal Officers.....	11
College Mission	12
Financial Section	
Independent Auditors' Report	13
Management's Discussion and Analysis	15
Basic Financial Statements	21
Statement of Net Position	22
Statement of Revenues, Expenses and Changes in Net Position	23
Statement of Cash Flows	24
Notes to Financial Statements	26
Statistical Section	
Financial Trends.....	38
Schedule of Net Position by Component	38
Schedule of Other Changes in Net Position	39
Schedule of Expenses by Identifiable Activity	40
Graph of Expenses by Identifiable Activity	41
Schedule of Revenues by Source	42
Graph of Revenues by Source	43
Revenue Capacity	44
Assessed Value and Full Cash Value of All Taxable Property	44
Property Tax Levies and Collections	45
Schedule of Principal Property Taxpayers	46
Property Tax Rates, Direct and Overlapping Governments	48
Schedule of Tuition	49
Debt Capacity.....	50
Schedule of Ratios of Outstanding Debt	50
Revenue Bond Coverage	51
Ratio of General Bonded Debt to Assessed Value and Net Bonded Debt per Capita	52
Computation of Direct and Overlapping Governmental Debt Outstanding	53
Ratio of Direct and Overlapping Debt to Property Values and per Capita	54
Legal Debt Margin	55
Demographic and Economic Information	56
Schedule of Principal Employers	56
Schedule of Demographic and Economic Statistics	58
Operating Information.....	59
Administrators, Faculty and Staff Statistics	59
Admissions, Enrollment and Degree Statistics	60
Historic Enrollment – Headcount and Full Time Student Equivalent	61
Schedule of Capital Asset Information	62

Introductory Section





PimaCountyCommunityCollegeDistrict

District Office

*Office of the Executive Vice Chancellor
for Finance and Administration
4905D East Broadway Boulevard
Tucson, Arizona 85709-1200
Telephone (520) 206-4519
Fax (520) 206-4516
www.pima.edu*

December 15, 2014

The Governing Board of Pima County Community College District

We are pleased to provide you with the Comprehensive Annual Financial Report (CAFR) of the Pima County Community College District (the College), Tucson, Arizona for the fiscal year ended June 30, 2014.

To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position, results of operations and cash flows of the College. All disclosures necessary to enable the reader to gain an understanding of the College's financial activities have been included. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the College.

Please refer to the Management's Discussion and Analysis section beginning on page 15 for summary information and comparative financial information to the prior fiscal year.

Reporting Entity

The College is an independent reporting entity within the criteria established by generally accepted accounting principles (GAAP) and the Governmental Accounting Standards Board (GASB). Although the College shares the same geographic boundaries with Pima County (the County), the College solely exercises financial accountability over all activities related to public community college education in Pima County with the exception that Pima County assesses and collects property taxes that support the College. In accordance with GASB Statement Nos. 14 and 39, as amended by GASB 61, the financial reporting entity consists of a primary reporting entity and one component unit. The College is a primary government because it is a special purpose political subdivision that has a separately elected governing body, is legally separate, is fiscally independent of other state and local governments and is not included in any other governmental financial reporting entity. The Pima Community College Foundation, Incorporated (the Foundation) is considered a component unit of the College and is discretely presented in the College's financial statements in accordance with GASB Statement 39.

History

The voters of Pima County established Pima County Junior College District in 1966 under the provisions of legislation enacted by the Arizona State Legislature in 1960. The first governing board was elected in 1967 concurrent with the approval of a \$5.9 million general obligation bond

issue for the first College facilities. The name of the College was changed to Pima County Community College District in 1972.

Classes were first offered in the fall of 1970 utilizing temporary facilities until the original West Campus facility on Anklam Road west of Interstate 10 was available in January 1971. The West Campus is the largest comprehensive campus of the College and offers a variety of degree and certificate programs.

The Downtown Campus was opened in 1974 at Stone and Speedway to serve the central city area. The Downtown Campus offers a balance of developmental, university transfer and occupational courses.

Classes were first offered at the East Education Center in 1976. The current East Campus facility, just east of Davis-Monthan Air Force Base, was opened in 1981 and substantially expanded in 1989. The East Campus offers general education, university transfer and developmental coursework, as well as selected occupational programming.

The Education Center-South was opened in 1986 to serve the south and southwest area residents in leased space. It became the comprehensive Desert Vista Campus located in a facility near Interstate 19 and Valencia Road in June of 1993. The Desert Vista Campus offers a wide range of programs and diverse courses, including university transfer, developmental, general education and occupational courses.

The Community Campus was opened near St. Mary's Road and Interstate 10 in January of 1997. Community Campus classes also meet at more than 100 facilities throughout southern Arizona, including Davis-Monthan Air Force Base, Green Valley and locations throughout the Tucson area. The Community Campus provides a wide range of courses developed to meet the diverse needs of the greater Tucson community, as defined by its residents and local businesses. Community Campus is at the center of the College's distance education programs, offered via cable TV, interactive video and the internet.

In July 2003, the College opened the Northwest Campus located on Shannon Road between Ina and Magee. The Northwest Campus offers comprehensive educational programs including university transfer, professional, technical, and developmental programs and general interest courses.

The Foundation was incorporated in the State of Arizona in 1977 as a nonprofit organization to raise funds for the purpose of providing scholarships, grants and awards to deserving students and outstanding faculty, staff and administrators at the College.

Organization and Administration

The Governing Board of the College (the Governing Board) is comprised of five members. Each member is elected for a six-year term from one of the five precincts of the College District. The administrative staff of the College, led by the Chancellor, is responsible for the operation and administration of all College functions.

During fiscal year 2014, the College was led by Lee D. Lambert, J.D., who has been Chancellor of the College since July 1, 2013.

Service Area

Pima County (the County) is located in the southern portion of Arizona and encompasses an area of approximately 9,240 square miles, with a section of its boundary bordering Mexico. Over 50 percent of the County's population resides in Tucson, the County seat of government and southern Arizona's largest city. Organized in 1864 by the Arizona Territorial Legislature as one of the State's four original counties, the County is today the second most populous in Arizona with a total population of approximately one million.

The City of Tucson is the economic and transportation center of the County, as well as southern Arizona. Tucson is situated on Interstate 10 connecting Tucson with Phoenix to the north, Los Angeles to the west and New Mexico and Texas to the east. Interstate 19 provides access to Nogales and Mexico to the south, while State Highway 86 connects with a direct route to the Gulf of California vacation areas. The main line of Union Pacific Railroad extends across Tucson to the eastern portion of the County. Tucson International Airport, located approximately 20 minutes from Tucson's downtown business area, provides local, regional, national and international air service for several airlines.

The County's economy is based on a variety of service industries, as well as government employment (including public education), wholesale and retail trade, manufacturing, construction and tourism.

Economic Condition and Outlook

Forecasts made by the Economic & Business Research Center, Eller College of Management, The University of Arizona, indicate that Arizona's economic condition improved in 2014 but at a slower growth rate than in 2013. While retail sales grew by 3.5 percent, it is a decrease from the 5.6 percent increase in 2013, signifying continued but modest growth. The growth rate in the state economy is anticipated to pick up speed beginning in 2015 and last through 2017. During the fiscal year 2015, the County's economy is projected to improve slightly in the areas of personal income, retail sales, and employment. In addition, statewide personal income is forecasted to increase by 5.0 percent and retail sales are forecasted to increase 3.9 percent in 2015.

Figures from the Arizona Department of Administration, Office of Employment and Population Statistics (ADOA), indicate that, Pima County's population is projected to increase by 1.0 percent from 2013 to 2014 and ADOA published forecasts show slight population gains of 1.4 percent and 1.5 percent projected for 2015 and 2016 respectively. As of June 30, 2014, 419,636 persons were employed in Pima County, up slightly from 418,920 in June of 2013. Employment trends showed that the County unemployment rate of 6.9 percent was slightly higher than the national rate of 6.1 percent at June 30, 2014. This unemployment rate is slightly improved compared to the rate of 7.6 percent in 2013.

According to June 2014 data published by the Tucson Association of Realtors, housing unit sales volume decreased by 7.29 percent and the average price of units sold increased by 7.75 percent producing an overall decrease in the total dollar volume of housing sales of 0.10 percent.

Historically, when economic conditions are improving, enrollment in community colleges decreases. The College experienced decreased enrollment of 7.9 percent for fiscal year 2014 and enrollment for the fall 2014 term is currently down from the prior year by over 8.0 percent.

Long-term Financial Planning

The College has sufficient resources to support its mission, vision, goals, and values while striving to provide an affordable education to students by minimizing cost increases in order to keep tuition affordable for the residents of Pima County. The planning and budgeting processes are among the core processes that facilitate linking budgeting, planning, assessment of student learning and evaluation of operations. The result of the budget process is a system that serves as a blueprint to monitor and control ongoing operations, developed in a way that is aligned with the College's strategic priorities.

The College leverages a range of information during budget and strategic planning to ensure that it has sufficient resources available to support its planning and priorities in the short and long terms. For financial planning, this includes, but is not limited to, a consideration of enrollment projections, state appropriations, property taxes, tuition and fees, capital project costs, estimated changes in employee medical insurance costs, and other major contractual costs. Using this data and adjusting such variables as enrollment, tuition and fees, and projected property tax revenues, the College can review and forecast different scenarios. This forecasting ensures that the budget planning process fully considers possible fluctuations in both revenue sources and projected expenses, and aligns projected revenue levels with the College's strategic priorities. The annual budget is developed with particular emphasis on maintaining the financial stability of the College by setting aside adequate reserve levels for revenue shortfalls or unexpected expenditure needs without impairing the quality of service needed to respond to its customers.

In fiscal year 2014, the College budgeted to meet mandatory cost increases for health benefits, system licenses, maintenance fees, utilities, and increased retirement costs, and included additional funding to meet strategic initiatives that had been identified during the year that will help the College enhance student services, increase the number full-time developmental education faculty and update classrooms with new technologies and implement other measures aimed at improving student success.

Major Program Initiatives

Accreditation

On April 6, 2013 the Higher Learning Commission (HLC) of the North Central Association of Colleges and Schools placed the College on probation. The HLC is one of several regional and national organizations that accredit institutions of higher education. The College remains fully accredited while on probation.

Accreditation is an important indication for current students, prospective students and the community that a college is operating acceptably. In an Action Letter dated April 16, the President of the HLC informed the College of the change in the College's status, identified areas of non-compliance, and described the steps the College must take to be removed from probation.

The College is committed to addressing all concerns of the HLC, and in the process improving and strengthening the College. In placing the College on probation, the HLC has indicated to the public that the College is not in compliance with one or more of the commission's Criteria for Accreditation, and must demonstrate that it has remedied the problems that led to the sanction.

The Probation Sanction set into motion an Institutional Self-Study, an unsparing self-examination that sought not only to bring the College into compliance with HLC standards but also served as a comprehensive examination of College processes, policies and goals. The College's self-study process was designed to be inclusive, transparent, and comprehensive with over 300 employees, students and community members involved for more than a year. This evidence-based inquiry has studied all aspects of the College to identify where the College was out of compliance with HLC criteria, and describe the College's progress to close gaps through improved processes and procedures. On July 30th, the College submitted the self-study report to the HLC, which included the College's strengths and challenges for each HLC criterion and also outlined compliance with the HLC's assumed practices.

The College shared and discussed its findings with representatives of the HLC visiting the College in September 2014. The Self Study Report provides evidence that the College has resolved the HLC's concerns regarding areas of non-compliance and now meets the HLC's Criteria for Accreditation, the Core Components, and the Assumed Practices. The report documents major changes that have occurred at the College since the HLC reaffirmed our accreditation in 2010, and includes a compliance plan through which we will ensure meeting all federal and state legal requirements related to higher education.

Publication of the Self-Study Report is a milestone but not an endpoint. A culture of continuous improvement is being established at the College, where the College recognizes the need to establish a cycle of assessment, implementation of change, and reassessment. The College understands that the Self-Study Report provides a baseline as the College meets the challenges to fulfilling its mission amid globalization, technological advances and other changes in the 21st century.

In February 2015, the HLC's Board of Trustees is scheduled to meet to determine whether the College can be removed from probation.

The monitoring report, self-study report and other documents are available on the College website along with additional details <http://www.pima.edu/about-pima/probation/index.html>.

Strategic Planning

The College's 2014-2017 Strategic Plan provides the overarching strategic direction for the institution. The associated campus and work-unit plans provide additional direction that is aligned with the overarching strategic directions in a process that links planning to all aspects of the College, including budgeting, assessment of student learning and evaluation of operations. The district-wide Strategic Plan went into effect on July 1, 2014 and will guide the College as it strives to continuously improve service to students and the community. The high-level framework of the Strategic Plan includes these six initiatives:

1. Reaffirm HLC accreditation and fully commit to the HLC guiding values

2. Improve access and student success
3. Foster partnerships to strengthen educational opportunities in response to community needs
4. Improve responsiveness to the needs of business community and economic development opportunities
5. Increase diversity, inclusion, and global education
6. Develop a culture of organizational learning, employee accountability, and employee development

The Strategic Plan serves multiple, integrated functions. It represents the College's commitment to listening to the community and taking diverse viewpoints seriously. It allocates resources to further our mission – to develop our community through learning – and creates objective measures of our success in fulfilling the mission. It harmonizes operations, budgeting, student learning assessment, and other College processes. Importantly, the plan is flexible and can adapt to rapid changes in politics, economics, demographics, and technology. Publication of the Strategic Plan is a milestone but not an endpoint. The Strategic Plan will be reviewed each year to ensure it remains relevant to the College and our community.

Fiscal Integrity and Oversight

Internal Controls

The College's District Finance Office is responsible for establishing and maintaining a system of internal controls. Internal controls are designed to ensure reasonable, but not absolute assurance that the assets of the College are protected from loss, theft or misuse and that adequate accounting data are compiled to allow for the preparation of financial statements that conform to generally accepted accounting principles. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from that control element and that the evaluation of costs and benefits requires estimate and judgments from management. All internal control evaluations occur within the above framework. The College's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The College's Internal Auditor periodically reviews and recommends improvements for internal controls in all operational and financial areas of the College. The Director of Internal Audit reports directly to the Chancellor.

Budgetary Controls

The College maintains budgetary controls and budget transfer restrictions by program (function) and major account category. The objective of these budgetary controls is to ensure compliance with the annual budget adopted by the Governing Board. The legal level of budgetary control is at the program category level. The College also maintains an encumbrance system to set aside funds for established commitments. Open encumbrances are eliminated for fiscal year-end reporting.

The College complies with state statutes requiring that a report of the College's adopted budget be published annually within the prescribed format as required by the State of Arizona, Office of the Auditor General. The College was also required to comply with Arizona Revised Statutes § 15-1461.01 regarding Truth in Taxation because the levy that the District's Board of Governors

approved, and the District subsequently assessed, included a 2 percent increase. This statute required the District to perform certain tasks including: publish a notice (in a form required by Statute) in a general circulation newspaper or mail a notice to registered voters in the district, issue a press release containing the truth in taxation notice to all general circulation newspapers in the district, mail information regarding this process to the property tax oversight commission. The District fully complied with all requirements under this statute as it has for many years.

The College also demonstrates compliance with statutory expenditure limits by issuing an annual budgeted expenditure limitation report, which is audited by the Auditor General.

College Functions

As a political subdivision of the State of Arizona, the College exercises direct tax levy authority for the generation of revenues for operating expenses, capital equipment and debt retirement purposes. The Governing Board sets tuition and fee levels, as well as the budget and levy limit for the College.

Board of Governors Finance and Audit Committee

As part of the College's continued improvements in financial accountability and transparency, the College has created a Board of Governors Finance and Audit Committee. The Committee is structured to provide additional oversight and monitoring responsibilities for the College's financial, audit, and investment related performance, policies, and procedures. The Committee allows for better sharing of financial information with the Board of Governors and other constituencies including the public. The Finance and Audit Committee was created as a standing committee in compliance with Board Bylaws.

Independent Audit

The Office of the Auditor General for the State of Arizona conducts the annual financial audit for the College. Testing procedures determine whether the financial statements are free of material misstatement and ensure compliance with Arizona Revised Statutes that require an annual audit of the College's financial statements. The Auditor General's Independent Auditors' Report is included in this document. For the fiscal year ending June 30, 2014, the College received an unqualified opinion.

A local independent accounting firm conducts the annual financial audit for the Foundation. The Foundation also received an unqualified opinion for the fiscal year ending June 30, 2014.

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Pima County Community College District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2013. This was the twenty-second consecutive year that the College has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a

government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

We would like to express our appreciation for our Governing Board members, who volunteer their time and expertise on a regular basis to guide the vision of the College. The mission of the College could not be achieved without the Chancellor's leadership. We would also like to express our appreciation to the Office of the Auditor General for the timely completion of the audit. The preparation of this report could not be accomplished without the efficient and dedicated efforts of the District Finance Office and all those who contributed to the preparation of this report.

Respectfully submitted,

David W. Bea, Ph.D.
Executive Vice Chancellor
for Finance and Administration

Susan Diane Groover
Assistant Vice Chancellor
for Finance and Controller

Ina Lancaster
Director of Budget &
Reporting



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

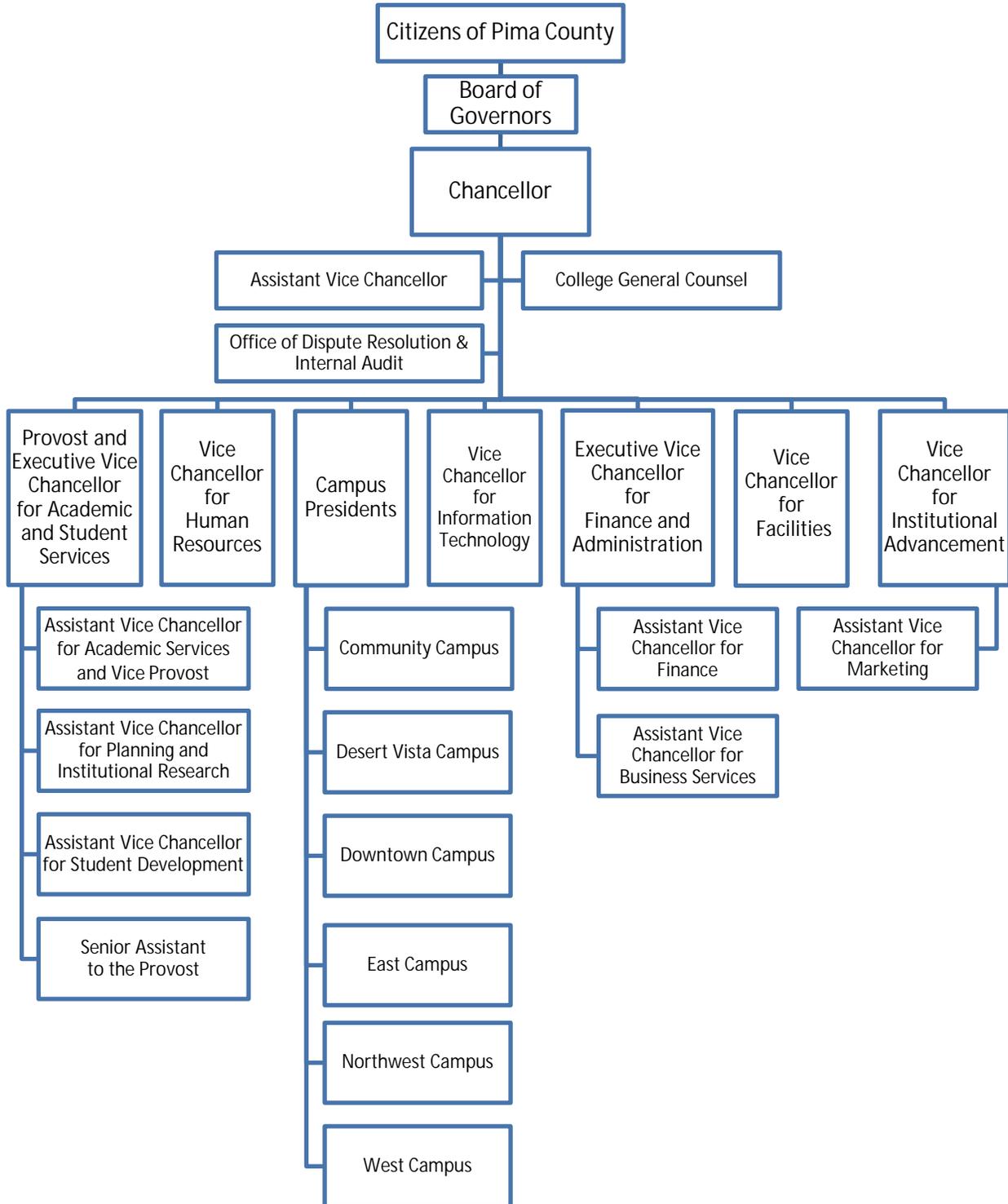
**Pima County
Community College District
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

Organization Chart



List of Principal Officers



Governing Board Members - 2014

David A. Longoria, Chair, District 2
Dr. Sylvia M. Lee, Secretary, District 3
Dr. Brenda B. Even, Member, District 1
Scott A. Stewart, Member, District 4
E. Marty Cortez, Member, District 5

District Administration*

Lee D. Lambert, J.D., Chancellor
Dr. Erica C. Holmes, Provost and Executive Vice Chancellor for Academic and Student Services
Dr. David W. Bea, Executive Vice Chancellor for Finance and Administration
Cynthia J. Dooling, Interim Vice Chancellor for Information Technology
Charlotte A. Fugett, Vice Chancellor for Human Resources, Acting
A. Rachelle Howell, Vice Chancellor for Institutional Advancement, Acting
William R. Ward II, Vice Chancellor for Facilities
S. Diane Groover, Assistant Vice Chancellor for Finance
Cheryl M. House, Assistant Vice Chancellor for Pima Community College Foundation
William Howard, Assistant Vice Chancellor for Business Services
A. Rachelle Howell, Assistant Vice Chancellor for Marketing
Dr. Mary Ann Martinez Sanchez, Assistant Vice Chancellor for Academic Services and Vice Provost
Dr. Karrie D. Mitchell, Assistant Vice Chancellor for Student Development
Dr. Nicola C. Richmond, Assistant Vice Chancellor for Planning and Institutional Research
Jeffrey Silvyn, College General Counsel
Deborah Yoklic, Assistant Vice Chancellor
Dr. Dolores M. Duran-Cerda, Senior Assistant to the Provost

Campus Presidents*

Dr. Lorraine Morales, President, Community Campus
Dr. Morgan A. Phillips, President, Desert Vista Campus
Dr. Gwendolyn G. Joseph, Interim President, Downtown Campus
Charlotte A. Fugett, President, East Campus
Dr. David Doré, President, Northwest Campus
Dr. Louis S. Albert, President, West Campus

*as of October 29, 2014

College Mission

College Vision

Pima Community College will provide access to learning without the limits of time, place or distance.

College Values

We value:

- Accountability
- Diversity
- Innovation
- Integrity
- People
- Quality

Mission Statement

The mission of Pima Community College is to develop our community through learning.

College Goals

- To improve access to all College programs and services.
- To provide excellent teaching and responsive student services.
- To prepare a highly skilled workforce.
- To create student-centered partnerships with colleges and universities.
- To provide effective developmental and adult basic education.
- To create partnerships with business and industry, the local schools, government, and other constituencies that enhance the community.
- To foster responsible civic engagement.

Financial Section





DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Governing Board of
Pima County Community College District

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of the Pima County Community College District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component unit were not audited by the other auditors in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Pima County Community College District as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 15 through 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will issue our report on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters at a future date. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Debbie Davenport
Auditor General

December 15, 2014

Management's Discussion and Analysis

Introduction

This section of the College's Comprehensive Annual Financial Report presents management's discussion and analysis of the College's financial activity for the fiscal year ended June 30, 2014. Please read it in conjunction with the transmittal letter on page 1 and the financial statements and accompanying notes, which begin on page 22.

Basic Financial Statements

The College's annual financial statements are presented in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments," and Statement No. 35, "Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities." These statements allow for the presentation of financial activity and balances in a consolidated, single-column, entity-wide format. The Foundation's activity is presented in a separate column for each statement, except for the *Statement of Cash Flows*, in which the Foundation's activity was not presented as per the GASB rules stated above.

The Statement of Net Position presents the financial position of the College as of June 30, 2014. It reflects the various assets owned or controlled by the College and the Foundation, the related liabilities and other obligations, and the various categories of net position. Net position is an accounting concept defined as total assets less total liabilities, and represents the organization's equity or ownership in the total assets of the College.

The Statement of Revenues, Expenses and Changes in Net Position presents the College's and Foundation's results of operations for the fiscal year. It reflects the various types of revenues and expenses, both operating and non-operating, and links the year's results of operations back to the *Statement of Net Position* by reconciling the beginning of the year net position amount to the end of the year net position amount.

The Statement of Cash Flows presents the inflows and outflows of cash and cash equivalents of the College for the fiscal year. Cash flows are segregated by type and activity into the following categories: operating activities, noncapital financing activities, capital and related financing activities, and investing activities. Cash flows from operating activities are reconciled to operating income/loss on the *Statement of Revenues, Expenses and Changes in Net Position* described above.

The focus of this report is on the primary government's overall financial position, financial condition, and results of operations and cash flows for the fiscal year ended June 30, 2014. Comparative information from the previous fiscal year is shown in the condensed financial information so that readers may see where the College's financial performance may have changed.

Financial Highlights and Analysis

Statement of Net Position

The College's overall financial position declined slightly in fiscal year 2014 with a total net position decrease of \$8.1 million from \$215.3 million to \$207.2 million. The 3.7 percent decrease

Management's Discussion and Analysis

includes a decrease in total assets of \$8.7 million offset by a decrease in total liabilities of \$0.7 million. The College has sufficient reserves to meet all current obligations, reflected in unrestricted net position of \$80.5 million.

Current assets decreased by \$11.4 million in fiscal year 2014 as a result of \$7.1 million in construction costs to complete a new building on the Northwest Campus. Capital assets increased by \$2.9 million due to the new building offset by an increase of \$4.2 million in accumulated depreciation. The cash to pay for the building was budgeted from accumulated fund balance. Long-term liabilities decreased by \$1 million due to the payoff of a bond.

Statement of Revenues, Expenses and Changes in Net Position

Compared to the prior year, total revenues decreased by \$1.4 million, while total expenses increased by \$4.3 million. As a result of enrollment declines, gross tuition and fees revenues decreased \$1.2 million from \$47.9 million to \$46.7 million and scholarship allowances within federal grants decreased \$1.3 million. Overall, including the aforementioned scholarship allowances, federal grants revenue decreased by \$4.5 million, primarily due to decreases in federal Pell grants. Contracts revenue, commissions and rents, state appropriations and investment income all decreased slightly compared to prior year. Offsetting these revenue decreases were: an increase in property tax revenue of \$3.4 million due to an increased primary property tax levy; an increase in state and local grants of \$0.9 million; and a small increase in state sales tax revenue.

The \$4.3 million increase in expenditures consisted mostly of increases in operation and maintenance of plant, student services, academic and institutional support. Most of this increase was for personnel services. For fiscal year 2014, faculty and staff received salary pool increases of 3 percent and administrators received a 1 percent increase. Executive administrators received an adjustment to salaries of 0.5 percent to cover increasing benefit costs. Financial aid expenses for Pell grants decreased by \$3.5 million and instruction expenditures decreased by \$1 million due to a decrease in adjunct faculty costs as a result of lower student enrollment.

As a part of the College's strategic initiatives, positions were added that support moving the College to emphasize compliance and improved student services. The transmittal letter contains additional information.

Capital Assets and Debt Administration

Total net capital assets increased by \$2.9 million, to \$116 million, a 2.6 percent increase from the prior year. This increase is primarily due to the completion of a new building on the Northwest Campus. Note 3 to the basic financial statements, on page 32, includes additional information on capital asset activity and descriptions of the asset categories.

During fiscal year 2014, the College reduced its outstanding long-term debt by \$1.4 million. At June 30, 2014, the College had no outstanding debt.

Note 4 to the basic financial statements beginning on page 30 shows additional detail on long-term obligations.

Condensed Financial Information

Summarized Schedule of Assets, Liabilities and Net Position

	As of <u>June 30, 2014</u>	As of <u>June 30, 2013</u>	<u>% Change</u>
<u>Assets</u>			
Current Assets	\$ 78,568,212	\$ 89,921,354	-12.6%
Noncurrent Assets – Restricted	1,766,661	1,959,031	-9.8%
Capital Assets, net	116,017,978	113,127,509	2.6%
Other Noncurrent Assets	30,905,448	30,951,149	-0.1%
Total Assets	227,258,299	235,959,043	-3.7%
<u>Liabilities</u>			
Other Liabilities	12,182,997	11,857,758	2.7%
Long-term Liabilities	7,848,363	8,850,592	-11.3%
Total Liabilities	20,031,360	20,708,350	-3.3%
<u>Net Position</u>			
Net Investment in Capital Assets	116,017,978	111,772,509	3.8%
Restricted Net Position	10,665,356	9,815,570	8.7%
Unrestricted Net Position	80,543,605	93,662,614	-14.0%
Total Net Position	\$207,226,939	\$215,250,693	-3.7%

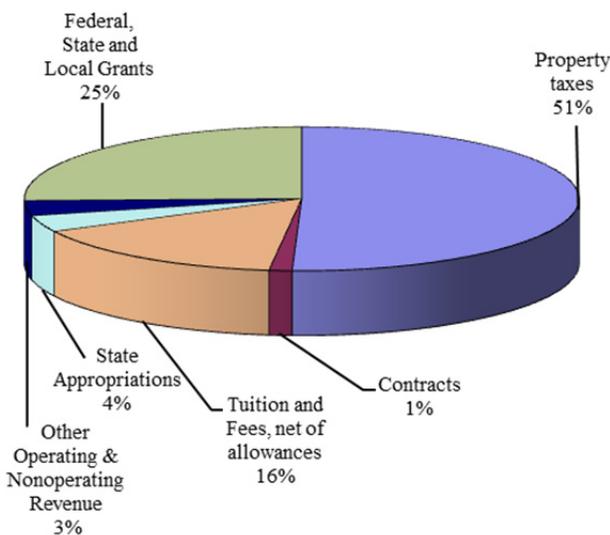
Summarized Schedule of Revenues, Expenses and Changes in Net Position

	For the year ended <u>June 30, 2014</u>	For the year ended <u>June 30, 2013</u>	<u>% Change</u>
Operating Revenues			
Tuition and Fees (net of allowances)	\$ 30,092,480	\$ 30,034,844	0.2%
Contracts	2,565,513	2,887,596	-11.2%
Other Operating Revenues	2,813,259	2,753,631	2.2%
Total Operating Revenues	35,471,252	35,676,071	-0.6%
Total Operating Expenses	200,585,784	196,335,127	2.2%
Operating Loss	(165,114,532)	(160,659,056)	2.8%
Nonoperating Revenues (Expenses)			
Property Taxes	97,523,572	94,150,821	3.6%
State Appropriations	7,136,600	7,353,500	-2.9%
Federal Grants	47,429,534	51,918,293	-8.6%
State and Local Grants	1,666,184	770,688	116.2%
Investment Income	545,906	661,368	-17.5%
Other Nonoperating Revenues	3,117,353	2,968,416	5.0%
Interest on Capital Asset-Related Debt	(67,750)	(207,304)	-67.3%
Loss on Capital Asset Disposal	(266,394)	(10,657)	2399.7%
Other Nonoperating Expenses	(24,900)	(43,871)	-43.2%
Net Nonoperating Revenues	157,060,105	157,561,254	-0.3%
Excess (Deficit) before Gifts and Grants	(8,054,427)	(3,097,802)	160.0%
Capital Gifts and Grants	30,673	800,000	-96.2%
Increase (Decrease) in Net Position	(8,023,754)	(2,297,802)	249.2%
Net Position, beginning of year	215,250,693	217,548,495	-1.1%
Net Position, end of year	\$207,226,939	\$215,250,693	-3.7%

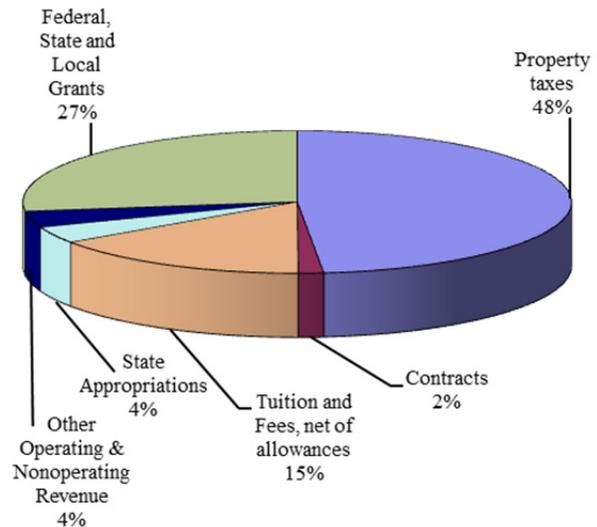
Revenues by Source

	FY 2014	FY 2013	\$ Change	% Change
<u>Operating Revenues</u>				
Tuition and Fees (net of allowances)	\$ 30,092,480	\$ 30,034,844	\$ 57,636	0.2%
Contracts	2,565,513	2,887,596	(322,083)	-11.2%
Commissions and Rents	1,613,283	1,653,777	(40,494)	-2.4%
Other Operating Revenues	1,199,976	1,099,854	100,122	9.1%
Total Operating Revenues	35,471,252	35,676,071	(204,819)	-0.6%
<u>Nonoperating Revenues</u>				
Property Taxes	97,523,572	94,150,821	3,372,751	3.6%
State Appropriations	7,136,600	7,353,500	(216,900)	-2.9%
Federal Grants	47,429,534	51,918,293	(4,488,759)	-8.6%
State and Local Grants	1,666,184	770,688	895,496	116.2%
Share of State Sales Tax	2,256,268	2,072,940	183,328	8.8%
Gifts	861,085	895,476	(34,391)	-3.8%
Investment Income	545,906	661,368	(115,462)	-17.5%
Total Nonoperating Revenues	157,419,149	157,823,086	(403,937)	-0.3%
Capital Gifts and Grants	30,673	800,000	(769,327)	-96.2%
Total Revenues	\$ 192,921,074	\$ 194,299,157	(\$1,378,083)	-0.7%

**Revenues by Source
FY 2014
\$192,921,074**

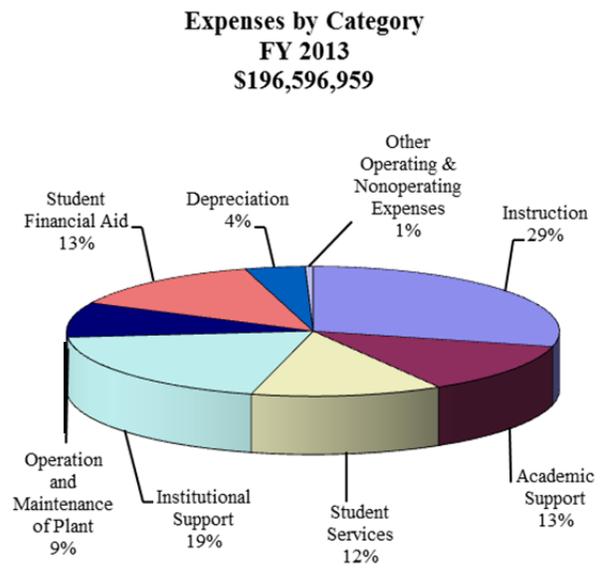
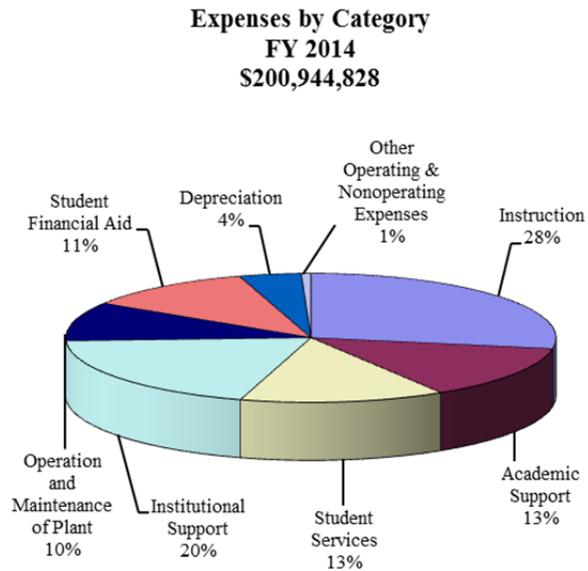


**Revenues by Source
FY 2013
\$194,299,157**



Expenses by Category

	<u>FY 2014</u>	<u>FY 2013</u>	<u>\$ Change</u>	<u>% Change</u>
<u>Operating Expenses</u>				
Educational and General				
Instruction	\$ 55,712,283	\$ 56,722,122	(\$1,009,839)	-1.8%
Academic Support	26,968,277	24,878,589	2,089,688	8.4%
Student Services	27,093,085	24,615,986	2,477,099	10.1%
Institutional Support	39,336,193	38,208,264	1,127,929	3.0%
Operation and Maintenance of Plant	19,593,974	17,134,651	2,459,323	14.4%
Student Financial Aid	22,739,712	26,244,500	(3,504,788)	-13.4%
Auxiliary Enterprises	917,261	755,713	161,548	21.4%
Depreciation	8,224,999	7,775,302	449,697	5.8%
Total Operating Expenses	200,585,784	196,335,127	4,250,657	2.2%
<u>Nonoperating Expenses</u>				
Interest on Capital Asset-Related Debt	67,750	207,304	(139,554)	-67.3%
Loss on Capital Asset Disposal	266,394	10,657	255,737	2399.7%
Other Nonoperating Expenses	24,900	43,871	(18,971)	-43.2%
Total Nonoperating Expenses	359,044	261,832	97,212	37.1%
Total Expenses	\$ 200,944,828	\$ 196,596,959	\$ 4,347,869	2.2%



Economic Outlook

For the year ended June 30, 2014, the economic conditions in Pima County improved slightly while demand for College services from the community decreased. In fiscal year 2014, full-time student equivalent enrollment (FTSE) decreased by 1,551 or 7.9 percent. Enrollment is expected to continue to decrease in fiscal year 2015. The College has identified that enrollment management is a strategic priority.

As a result of enrolment declines, appropriations from the state of Arizona will decrease by 0.6 percent for fiscal year 2015. The College will, for the first time, receive \$0.6 million to support science, technology, engineering, and mathematics (STEM) programs. Increased growth from new property along with the College increasing the primary tax rate from 1.2746 to 1.3344 for fiscal year 2015 will increase the primary property tax levy from \$96.3 million to \$100.3 million.

The decrease in FTSE that created a decrease in tuition revenue combined with limited state aid continue to impact the financial position of the College. A department of enrollment management was created in fiscal year 2014 to address concerns about decreased FTSE. A consultant has been hired to review enrollment management and provide recommendations. Increased FTSE will also slightly increase the state aid the College receives.

The College continues to monitor external economic changes and their impacts on the College and make prudent fiscal decisions to support the College's mission, vision, values, goals, and College Plan.

Requests for Information

This discussion and analysis is designed to present a general overview of the Pima County Community College District's finances for all those who have an interest in such matters. Questions concerning any of the information provided in this Comprehensive Annual Financial Report or requests for additional financial information should be addressed to the District Finance Office, Pima County Community College District, 4905 East Broadway Boulevard, Building D, Tucson, AZ, 85709-1200.

Basic Financial Statements

Statement of Net Position
As of June 30, 2014

	Primary Government College	Component Unit Foundation
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 29,799,862	\$ 918,935
Short-term Investments	34,979,877	
Receivables		
Property Taxes (less allowance of \$1,086,500)	4,443,461	
Accounts (less allowance of \$2,090,505)	3,119,546	
Government Grants and Contracts	2,667,077	
Student Loans, current portion	97,996	
Other (less allowance of \$201,136)	1,478,534	7,235
Inventories	123,137	
Prepaid Expenses	1,858,722	1,094
Total Current Assets	78,568,212	927,264
Noncurrent Assets		
Restricted Cash and Cash Equivalents	1,766,661	
Student Loans Receivable (less allowance of \$264,969)	447,400	
Other Long-term Investments	30,458,048	7,229,356
Capital Assets		
Land and Improvements	15,291,311	
Buildings and Improvements (net of depreciation)	91,550,515	
Equipment (net of depreciation)	5,666,924	
Leasehold Improvements (net of depreciation)	1,671,656	
Library Books (net of depreciation)	1,837,572	
Total Noncurrent Assets	148,690,087	7,229,356
Total Assets	227,258,299	8,156,620
Liabilities		
Current Liabilities		
Accrued Payroll and Employee Benefits	5,557,172	
Accounts Payable and Accrued Liabilities	4,060,073	231,635
Deposits Held in Custody for Others	407,766	364,344
Unearned Revenue	2,157,986	
Current Portion of Long-term Liabilities	4,296,437	
Total Current Liabilities	16,479,434	595,979
Noncurrent Liabilities		
Long-term Liabilities	3,551,926	
Total Noncurrent Liabilities	3,551,926	
Total Liabilities	20,031,360	595,979
Net Position		
Net Investment in Capital Assets	116,017,978	
Restricted for:		
Expendable:		
Debt Service	4,954,673	
Grants and Contracts	4,137,076	
Scholarships and Other Programs		2,396,266
Nonexpendable:		
Perkins Loans	1,573,607	
Permanently Restricted Endowment		4,929,224
Unrestricted	80,543,605	235,151
Total Net Position	\$207,226,939	\$7,560,641

See accompanying notes to financial statements

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2014

	Primary Government College	Component Unit Foundation
Operating Revenues		
Tuition and Fees (net of scholarship allowances of \$16,605,187)	\$ 30,092,480	
Contracts	2,565,513	
Commissions and Rents	1,613,283	
Other Operating Revenues	1,199,976	\$ 982,455
Total Operating Revenues	35,471,252	982,455
Operating Expenses		
Educational and General		
Instruction	55,712,283	
Academic Support	26,968,277	
Student Services	27,093,085	
Institutional Support	39,336,193	863,054
Operation and Maintenance of Plant	19,593,974	
Student Financial Aid	22,739,712	422,735
Auxiliary Enterprises	917,261	
Depreciation	8,224,999	
Total Operating Expenses	200,585,784	1,285,789
Operating Loss	(165,114,532)	(303,334)
Nonoperating Revenues (Expenses)		
Property Taxes	97,523,572	
State Appropriations	7,136,600	
Federal Grants	47,429,534	
State and Local Grants	1,666,184	
Share of State Sales Tax	2,256,268	
Gifts	861,085	142,856
Investment Income	545,906	908,463
Other Nonoperating Expenses	(24,900)	
Interest on Capital Asset-Related Debt	(67,750)	
Loss on Capital Asset Disposal	(266,394)	
Net Nonoperating Revenues	157,060,105	1,051,319
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(8,054,427)	747,985
Capital Gifts and Grants	30,673	
Increase (Decrease) in Net Position	(8,023,754)	747,985
Net Position		
Net Position - Beginning of Year	215,250,693	6,812,656
Net Position - End of Year	\$207,226,939	\$7,560,641

See accompanying notes to financial statements

Statement of Cash Flows
For the Year Ended June 30, 2014

**Primary Government
College**

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and Fees	\$ 29,624,006
Contracts	2,565,513
Commissions and Rents	1,476,560
Collection of Loans to Students	208,647
Other Receipts	1,649,836
Payments to Suppliers	(43,526,122)
Payments for Employee Wages and Benefits	(125,282,063)
Payments for Scholarships	(22,736,372)
Net Cash Used for Operating Activities	(156,019,995)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Property Taxes	97,191,493
State Appropriations	7,136,600
Grants	48,500,861
Share of State Sales Tax	2,256,268
Direct Loans Received	15,098,936
Direct Loans Disbursed	(15,278,074)
Deposits Held in Custody for Others Received	2,669,346
Deposits Held in Custody for Others Disbursed	(2,675,509)
Gifts	853,053
Net Cash Provided by Noncapital Financing Activities	155,752,974

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchases of Capital Assets	(11,351,189)
Banking Fees for Debt Payments	(400)
Principal Paid on Capital Debt	(1,355,000)
Interest Paid on Capital Debt	(67,750)
Net Cash Used for Capital and Related Financing Activities	(12,774,339)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sales and Maturities of Investments	9,884,647
Interest received on Investments	545,906
Net Cash Provided by Investing Activities	10,430,553
Net decrease in Cash and Cash Equivalents	(2,610,807)
Cash and Cash Equivalents - Beginning of Year	34,177,330
Cash and Cash Equivalents - End of Year	\$ 31,566,523

See accompanying notes to financial statements
(Continued)

**Statement of Cash Flows
For the Year Ended June 30, 2014**

**Primary Government
College**

RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES

Operating Loss	\$ (165,114,532)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation Expense	8,224,999
Changes in Assets and Liabilities:	
Decrease in Receivables, Net	285,808
Decrease in Inventories	357,827
Increase in Prepaid Expenses	(545,758)
Increase in Accrued Payroll and Employee Benefits	413,203
Increase in Accounts Payable and Accrued Liabilities	543,862
Decrease in Unearned Revenue	(538,175)
Increase in Long-term Liabilities (Compensated Absences Portion)	352,771
Net Cash Used for Operating Activities	\$ (156,019,995)

Non-cash Transactions Not Included in Above Statement:

<i>Net loss on disposal of capital assets with an original cost of \$4,316,876</i>	
<i>accumulated depreciation of \$4,050,482</i>	\$ (266,394)
<i>Donated Capital Assets</i>	30,673

See accompanying notes to financial statements

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Pima County Community College District (the College) conform to generally accepted accounting principles (GAAP) applicable to public institutions engaged only in business-type activities adopted by the Governmental Accounting Standards Board (GASB).

Reporting Entity:

The College is a special-purpose government that is governed by a separately elected governing body. It is legally separate and is fiscally independent of other state and local governments. The College has one discretely presented component unit, the Pima Community College Foundation, Inc. (the Foundation).

The Foundation is reported in a separate column in the financial statements to emphasize that it is legally separate from the College. The Foundation's cash flows are not presented because that information is not required by generally accepted accounting principles for public colleges. The Foundation was formed in 1977 as a nonprofit corporation controlled by a separate Board of Directors and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The goals of the Foundation are to provide scholarships and to advance and assist in the development, growth, and operation of the College. Because the resources held by the Foundation can only be used by, or for the benefit of the College, the Foundation is considered a component unit of the College. During the year ended June 30, 2014, the Foundation distributed \$245,706 of in-kind gifts for those purposes. Notes to the financial statements for the Foundation are included in Note 8. Complete financial statements can be obtained from the Foundation Office at 4905C East Broadway Boulevard, Tucson, AZ 85709-1320.

Basis of Presentation and Accounting:

The financial statements include the following:

- A. *Statement of Net Position*: provides information about the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the College at the end of the year. Assets and liabilities are classified as either current or noncurrent. Net Position is classified into three broad categories: unrestricted, restricted, and net investment in capital assets.
- B. *Statement of Revenues, Expenses and Changes in Net Position*: provides information about the College's financial activities during the year. Revenues and expenses are classified as either operating or nonoperating and all changes in net position are reported, including capital contributions.
- C. *Statement of Cash Flows*: provides information about the College's sources and uses of cash and cash equivalents during the year. Increases and decreases in cash and cash equivalents are classified as operating, noncapital financing, capital and related financing, or investing.

The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at

Notes to Financial Statements

the time liabilities are incurred, regardless of when the related cash flows take place. The College eliminates all internal activity.

Operating revenues generally result from exchange transactions. Accordingly, revenues such as tuition and instructional contracts are considered operating revenues. Other revenues, such as property taxes, state appropriations and government grants are not generated from exchange transactions and are therefore classified as nonoperating revenues. Federal, state and local grants are classified as nonoperating revenues because the entity providing the grant generally does not receive any direct benefit from the services provided under the grants. Property taxes are recognized in the year they are levied. State appropriations are recognized as revenue in the year the appropriation is first made available for use. Grants and donations are recognized as revenue when all eligibility requirements imposed by the provider have been met.

Operating expenses are costs incurred to provide instructional services including support costs, auxiliary services, and depreciation of capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

It is the College's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

Cash and Investments:

For the Statement of Cash Flows, cash and cash equivalents consist of cash on hand, demand deposits, cash and investments held by the County Treasurer, investments in the State Treasurer's Local Government Investment Pool (LGIP), and highly liquid investments. All investments are stated at fair value at fiscal year-end.

Inventories:

The physical plant inventories are valued at cost or estimated cost by specific identification.

Capital Assets:

Capital assets are recorded at cost at the date of acquisition. Donated capital assets are reported at estimated fair value at the date of donation. All capital assets with a cost of \$5,000 or more are capitalized. Interest expense incurred during the construction phase of the College's facilities is capitalized as a cost of plant assets in accordance with generally accepted accounting principles. Assets (except land and improvements and construction in progress) are depreciated using the straight-line method over their estimated useful lives. For purposes of calculating depreciation, buildings and improvements are assigned useful lives of 5 to 40 years, equipment is assigned useful lives of 5 to 7 years, and library books are assigned useful lives of 10 years. Leasehold improvements are depreciated over the lease period.

Compensated Absences:

Compensated absences payable consists of annual leave and a calculated amount of sick leave earned by employees based on services already rendered.

Employees may accumulate up to 336 hours of annual leave depending on years of service and employee group classification. Annual leave is accumulated by each employee on a prorated basis, every two weeks. Annual leave balances are accrued as a liability on the financial statements due

Notes to Financial Statements

to the fact that they are paid to the employee upon separation from the College.

Sick leave, providing for ordinary sick pay, is cumulative (up to 1,440 hours) and vests after 10 years of continuous service for regular full-time employees who retire from the College under the provisions of the Arizona State Retirement System. Vested sick leave is payable to College employees upon retirement at a rate of 75 percent of the employee's then current rate of pay to a maximum of \$100 per day, for a maximum of 100 days. Vested sick leave benefits and a portion of unvested sick leave benefits that are expected to vest in the future are accrued as a liability on the financial statements.

The College also provides a death benefit to employees hired on or after July 1, 1999 who separate from the College due to death. This benefit is paid at seventy-five percent of the employee's then current daily rate of pay for all accumulated sick leave limited to a maximum of \$100 per day, for a maximum of 100 days. This death benefit is included in the sick leave liability discussed above.

Scholarship Allowances:

A scholarship allowance is the difference between the stated charge for goods and services provided by the College and the amount that is paid by the student or third parties making payments on behalf of the student. Accordingly, some types of student financial aid such as Pell grants and scholarships awarded by the College are considered to be scholarship allowances. These allowances are netted against tuition and fees revenues in the Statement of Revenues, Expenses and Changes in Net Position.

Investment Income:

Investment income is comprised of interest, dividends, and net changes in the fair value of applicable investments.

2. DEPOSITS AND INVESTMENTS

Arizona Revised Statutes (A.R.S.) requires the College to deposit special tax levies for the College's maintenance and operation and capital outlay with the County Treasurer. The statutes do not require the College to deposit other public monies in its custody with the County Treasurer; however, the College must act as if it was a prudent person dealing with the property of another when making investment decisions about those monies. The statutes do not include any requirements for credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the College's investments.

Deposits:

At June 30, 2014 the College's total cash on hand was \$36,808. The carrying amount of the College's deposits was \$22,759,947 and the bank balance was \$23,035,911. The College does not have a formal policy regarding custodial credit risk for deposits. As of June 30, 2014, \$98,861 of the bank balance was exposed to custodial credit risk as uninsured and uncollateralized.

Investments:

The State Board of Investment provides oversight for the State Treasurer's pools. The fair value of a participant's position in the pool approximates the value of that participant's pool shares and the participant's shares are not identified with specific investments. No comparable oversight is

Notes to Financial Statements

provided for the County Treasurer's investment pool, and that pool's structure does not provide for shares. The College's investments at June 30, 2014, consist of the following:

Investment Type	Fair Value
State Treasurer's investment pool #5	\$ 8,159,864
County Treasurer's investment pool	609,904
US Treasury	11,237,613
US Agency Securities	54,200,312
Total Investments	\$ 74,207,693

Credit Risk:

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The College does not have a formal policy regarding credit risk. Following is a summary of the College's investments subject to credit risk and credit ratings as determined by Standard and Poor's (S&P) rating agency as of June 30, 2014:

Investment Type	Rating	Rating Agency	Fair Value
State Treasurer's investment pool #5	AAAF/S1+	S&P	\$ 8,159,864
County Treasurer's investment pool	Unrated	N/A	609,904
US Agency Securities	Unrated	N/A	20,681,493
US Agency Securities	AAA	S&P	277,324
US Agency Securities	AA+	S&P	33,137,709
Total Investments Subject to Credit Risk			\$ 62,866,294

Concentration of Credit Risk:

The College's investment policy limits the maximum investment percentage in any one security and in any one issuer to 5% with the exception of investments or collateralized investments that are implicitly or explicitly guaranteed by the United States. The College had investments at June 30, 2014 of 5% or more in Federal National Mortgage Association (FNMA), Federal Home Loan Banks (FHLB) and Federal Home Loan Mortgage Corporation (FHLMC). These investments were 28.49%, 22.66% and 20.42%, respectively, of the College's total investments.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect an investment's value. The College does not have a formal policy regarding interest rate risk. At June 30, 2014, the College had the following investments in debt securities:

Investment Type	Maturities				Fair Value
	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	
State Treasurer's investment pool #5	\$ 8,159,864				\$ 8,159,864
County Treasurer's investment pool	609,904				609,904
US Treasury	895,932	\$ 10,341,681			11,237,613
US Agency Securities	39,827,406	14,200,695	\$ 80,481	\$ 91,730	54,200,312
Total Investments Subject to Interest Rate Risk	\$ 49,493,106	\$ 24,542,376	\$ 80,481	\$ 91,730	\$74,207,693

Notes to Financial Statements

3. CAPITAL ASSETS

The College's capital asset activity for the year ended June 30, 2014, is detailed below.

Description	Balance 6/30/2013	Increases	Decreases	Balance 6/30/2014
Land and improvements	\$ 15,291,311			\$ 15,291,311
Construction in progress	3,851,830	\$ 7,127,050	\$ 10,978,880	-
Depreciable assets				
Buildings and improvements	178,676,673	10,993,708		189,670,381
Equipment	25,906,269	3,816,230	3,814,015	25,908,484
Leasehold improvements	3,260,062			3,260,062
Library books	7,401,241	423,754	502,862	7,322,133
Total capital assets	234,387,386	22,360,742	15,295,757	241,452,371
Less accumulated depreciation:				
Buildings and improvements	92,913,361	5,206,505		98,119,866
Equipment	21,287,928	2,501,253	3,547,621	20,241,560
Leasehold improvements	1,489,938	98,468		1,588,406
Library books	5,568,650	418,772	502,861	5,484,561
Total accumulated depreciation	121,259,877	8,224,998	4,050,482	125,434,393
Capital assets, net	\$ 113,127,509	\$ 14,135,744	\$ 11,245,275	\$ 116,017,978

4. LONG -TERM LIABILITIES

The following schedule details the College's long-term liability and obligation activity for the year ended June 30, 2014:

Description	Balance 7/1/2013	Additions	Reductions	Balance 6/30/2014	Due Within One Year
General obligation bonds	\$ 1,355,000		\$ 1,355,000		
Compensated absences payable	7,495,592	\$ 5,163,916	4,811,145	\$ 7,848,363	\$ 4,296,437
Total long-term liabilities	\$ 8,850,592	\$ 5,163,916	\$ 6,166,145	\$ 7,848,363	\$ 4,296,437

Bonds Payable:

The College remitted \$1,388,875 to the paying agent on May 29, 2014 representing the remaining Series A (1996) general obligation bonds outstanding principal and accrued interest to be paid to bondholders on July 1, 2014.

5. PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Descriptions:

The College contributes to a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health insurance premium benefit plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan, all of which are

Notes to Financial Statements

administered by the Arizona State Retirement System (the ASRS). The ASRS (through its Retirement Fund) provides retirement (i.e., pension), death and survivor benefits; the Health Benefit Supplement Fund provides health insurance premium benefits (i.e., a monthly subsidy); and the Long-Term Disability Fund provides long-term disability benefits. Benefits are established by state statute. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2. The ASRS issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the ASRS at 3300 North Central Avenue, P.O. Box 33910, Phoenix, AZ, 85067-3910, by calling (602) 240-2000 or 1-800-621-3778, or by looking at the ASRS's website at www.azasrs.gov.

Funding Policy:

The Arizona State Legislature establishes and may amend active plan members' and the College's contribution rates. For the year ended June 30, 2014, active plan members were required by statute to contribute at the actuarially determined rate of 11.54 percent (11.3 percent for retirement and 0.24 percent for long-term disability) of the members' annual covered payroll and the College was required by statute to contribute at the actuarially determined rate of 11.54 percent (10.7 percent for retirement, 0.6 percent for health insurance premium and 0.24 percent for long-term disability) of the members' annual covered payroll.

The College's contributions for the current and two preceding fiscal years, all of which were equal to the required contributions, were as follows:

Years ended June 30	Retirement Fund	Health Benefit Supplement Fund	Long - Term Disability Fund	Totals
2014	\$ 7,846,912	\$ 440,037	\$ 175,768	\$ 8,462,717
2013	7,413,364	470,116	174,985	8,058,465
2012	6,943,426	443,197	168,837	7,555,460

6. RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; natural disasters; errors and omissions; and injuries to employees. The College participates in a risk retention trust for liabilities arising from general liability and automobile risks. The trust operating agreement includes a provision for member assessment in the event that total claims paid by the trust exceed the contributions and reserves in any one year. The assessment is limited to the contribution amount paid by the College during the year in which the assessment is applied. The College carries commercial insurance for other risks of loss, including property, workers' compensation, and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

In addition, the College finances uninsured risks of loss for prescription benefits to eligible employees and their dependents. The prescription plan provides coverage for eligible prescription drugs with an employee-paid co-payment determined by the drug's availability within the plan's formulary. The College utilizes a consultant to determine the required funding annually based upon anticipated utilization, cost trends, and benefit levels. The College does not purchase insurance for claims in excess of the projected funding level. An independent administrator provides claim and record-keeping services for the plan.

Notes to Financial Statements

Prescription Plan	Year Ending June 30	
	2013	2014
Claims liability at beginning of year	\$ 0	\$ 0
Claims incurred during the year	2,843,402	2,758,521
Payments on claims	(2,843,402)	(2,753,589)
Claims liability at end of year	\$ 0	\$ 4,932

7. OPERATING EXPENSES

The College's operating expenses are presented by functional classification in the Statement of Revenues, Expenses and Changes in Net Position. The operating expenses can also be classified into the following:

Description	Amount
Employee Compensation and Benefits	\$ 126,048,037
Communications and Utilities	5,614,526
Travel	2,087,745
Contractual Services	18,355,987
Supplies and Materials	11,938,930
Scholarships	22,736,372
Other Expenses	5,579,188
Depreciation	8,224,999
Total operating expenses	\$ 200,585,784

8. DISCRETELY PRESENTED COMPONENT UNIT – PIMA COMMUNITY COLLEGE FOUNDATION

8a. Summary of Significant Accounting Policies

Reporting Entity:

Pima Community College Foundation, Inc. (the Foundation) was incorporated in the State of Arizona in 1977 as a nonprofit organization dedicated to supporting Pima Community College (the College) by securing private philanthropic support for scholarships, programs and other College needs, managing assets to ensure the best financial returns and facilitating College development activities.

Notes to Financial Statements

Basis of Presentation and Accounting:

The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. Revenue is recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation:

The Foundation reports information regarding its financial position and activities according to three classes of net position (unrestricted net position, temporarily restricted net position and permanently restricted net position) based upon the existence or absence of donor-imposed restrictions.

- Unrestricted net position – Net position that is not subject to donor-imposed stipulations.
- Temporarily restricted net position – Net position subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time. When a restriction expires, the temporarily restricted net position is reclassified to unrestricted net position and reported in the statement of activities as net position released from restrictions.
- Permanently restricted net position – Net position subject to donor-imposed stipulations that may be maintained permanently by the Foundation.

Contributions are recognized as revenue when received or unconditionally promised. The Foundation reports gifts of cash and other assets as temporarily or permanently restricted support if such gifts are received with donor stipulations that limit the use of the donated assets as to either purpose or time period. When a donor restriction expires, either through the passage of time or use of the monies for the purpose intended by the donor, temporarily restricted net position is reclassified to unrestricted net position and reported as net position released from restrictions. Temporarily restricted contributions are reported as unrestricted net position when the restriction is met in the same period the contribution is received. In the College's financial report, the Foundation's net position is presented as restricted and unrestricted.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Tax-Exempt Status:

The Foundation is a nonprofit organization and is exempt from federal income tax under Internal Revenue Code (IRC) Section 501(c)(3). Therefore, no provision has been made for income taxes in the accompanying financial statements. The Foundation is not classified as a private foundation under Section 509(a) of the IRC.

Cash and Cash Equivalents:

Cash and cash equivalents include all cash balances and highly liquid investments with an original maturity of three months or less.

Notes to Financial Statements

Concentration of Risk:

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents. The Foundation maintains its cash in bank deposit accounts, which may exceed federally insured limits. At June 30, 2014, the Federal Deposit Insurance Corporation (FDIC) insures cash accounts at banks up to \$250,000 per institution. Investments held by other institutions are insured up to \$500,000 under insurance provided by the Securities Investor Protection Corporation (SIPC). However, SIPC does not protect against losses in market value. The Foundation's investments are also insured under additional brokerage insurance up to \$750,000,000. This additional protection becomes available in the event that SIPC limits are exhausted. At June 30, 2014, there was \$2,258 in cash and cash equivalents on deposit in excess of the FDIC insurance limit. It is the opinion of management that the solvency of the referenced financial institutions is not of concern at this time.

Investments:

In accordance with generally accepted accounting principles applicable to nonprofit organizations, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included with the change in net position.

Funds held for others:

Various nonprofit and other entities give funds to the Foundation for students to receive scholarships. These other entities select the scholarship recipient. As the Foundation has no control over who receives the scholarships, these are reported as funds held for others. Funds held for others totaled \$364,344 at June 30, 2014.

Donated Services, Materials and Facilities:

Donated goods and facilities are valued at fair market value. Donated services are recognized in the financial statements at fair market value if the following criteria are met:

- The services require specialized skills and the services are provided by individuals possessing those skills.
- The services would typically need to be purchased if not donated.

Although the Foundation may utilize the services of outside volunteers, the fair value of these services has not been recognized in the accompanying financial statements since they do not meet the criteria for recognition under generally accepted accounting principles.

Advertising:

The Foundation expenses advertising costs as incurred. The Foundation does not participate in direct-response advertising which requires the capitalization and amortization of related costs. Advertising costs totaled \$6,534 at June 30, 2014.

8b. Cash and Investments

At June 30, 2014, the Foundation's unrestricted cash and cash equivalents were in the amount of \$918,935.

Notes to Financial Statements

The Foundation's other long-term investments at June 30, 2014, consisted of the following:

<i>Foundation 2014</i>	
Bond Funds	\$ 137,928
Equity Funds	6,328,685
Investment in Partnership	762,743
Total available for operations	\$ 7,229,356

8c. Endowment Funds

The Foundation's endowment includes donor restricted funds. As required by generally accepted accounting principles, net position associated with endowment funds is classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted Arizona's version (Titled the "Management of Charitable Funds Act" (the Act)) of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies a permanently restricted net position as (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net position is classified as temporarily restricted net position until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the Act.

Endowment net position composition as of June 30, 2014 consists of:

	Temporarily Restricted	Permanently Restricted
Donor-restricted endowment assets	<u>\$ 1,034,773</u>	<u>\$ 4,929,224</u>

Changes in endowment net position for the year ended June 30, 2014 are as follows:

Notes to Financial Statements

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Endowment net position, beginning of year	\$ 475,213	\$ 4,506,939
Contributions		142,856
Donor-directed transfers		279,429
Investment Income	718,518	
Appropriation of endowment assets for expenditure	(158,958)	
Endowment net position, end of year	<u>\$ 1,034,773</u>	<u>\$ 4,929,224</u>

Statistical Section



**Pima County Community College District
Statistical Section**

Table of Contents: Statistical Section

Financial Trends.....38
These schedules contain trend information to help the reader understand how the College's financial performance and well-being have changed over time.

Revenue Capacity.....44
These schedules contain trend information to help the reader assess the factors affecting the College's ability to generate property taxes, tuition, grants and other revenues.

Debt Capacity.....50
The debt capacity information will assist the reader in understanding and assessing the College's debt burden and ability to issue debt.

Demographic and Economic Information.....56
The demographic and economic information is presented to assist users in understanding certain aspects of the environment in which the College operates.

Operating Information.....59
These schedules contain contextual information to help the reader assess the delivery and effectiveness of College operations.

**Pima County Community College District
Financial Trends**

Schedule of Net Position by Component
Fiscal Years 2014 to 2005

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net Investment in Capital Assets	\$ 116,017,978	\$ 111,772,509	\$ 107,958,480	\$ 110,359,292	\$ 106,023,641	\$ 98,438,758	\$ 91,317,290	\$ 84,835,720	\$ 79,326,718	\$ 73,154,179
Restricted - expendable	9,091,749	8,184,292	7,771,778	7,718,819	5,584,879	6,192,750	5,881,028	8,318,933	5,990,638	5,322,202
Restricted - nonexpendable	1,573,607	1,631,278	1,682,173	101,886	1,675,365	1,553,416	1,534,847	1,575,816	1,414,922	1,557,428
Unrestricted	80,543,605	93,662,614	100,136,064	98,779,375	85,778,752	80,973,839	70,181,923	61,086,198	58,228,151	55,570,013
Total Net Position	\$ 207,226,939	\$ 215,250,693	\$ 217,548,495	\$ 216,959,372	\$ 199,062,637	\$ 187,158,763	\$ 168,915,088	\$ 155,816,667	\$ 144,960,429	\$ 135,603,822

Source: District Records

**Pima County Community College District
Financial Trends**

Schedule of Other Changes in Net Position
Fiscal Years 2014 to 2005

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Income (Loss) Before Other Changes in Net Position	\$ (8,054,427)	\$ (3,097,802)	\$ 522,923	\$ 17,855,272	\$ 11,767,148	\$ 18,042,849	\$ 9,765,895	\$ 6,542,112	\$ 6,037,381	\$ 6,481,940
Capital Appropriations							3,198,900	3,262,900	3,268,000	3,297,800
Capital Gifts and Grants	30,673	800,000	66,200	41,463	136,726	200,826	133,626	1,051,226	51,226	51,226
Total Change in Net Position	\$ (8,023,754)	\$ (2,297,802)	\$ 589,123	\$ 17,896,735	\$ 11,903,874	\$ 18,243,675	\$ 13,098,421	\$ 10,856,238	\$ 9,356,607	\$ 9,830,966

Source: District Records

**Pima County Community College District
Financial Trends**

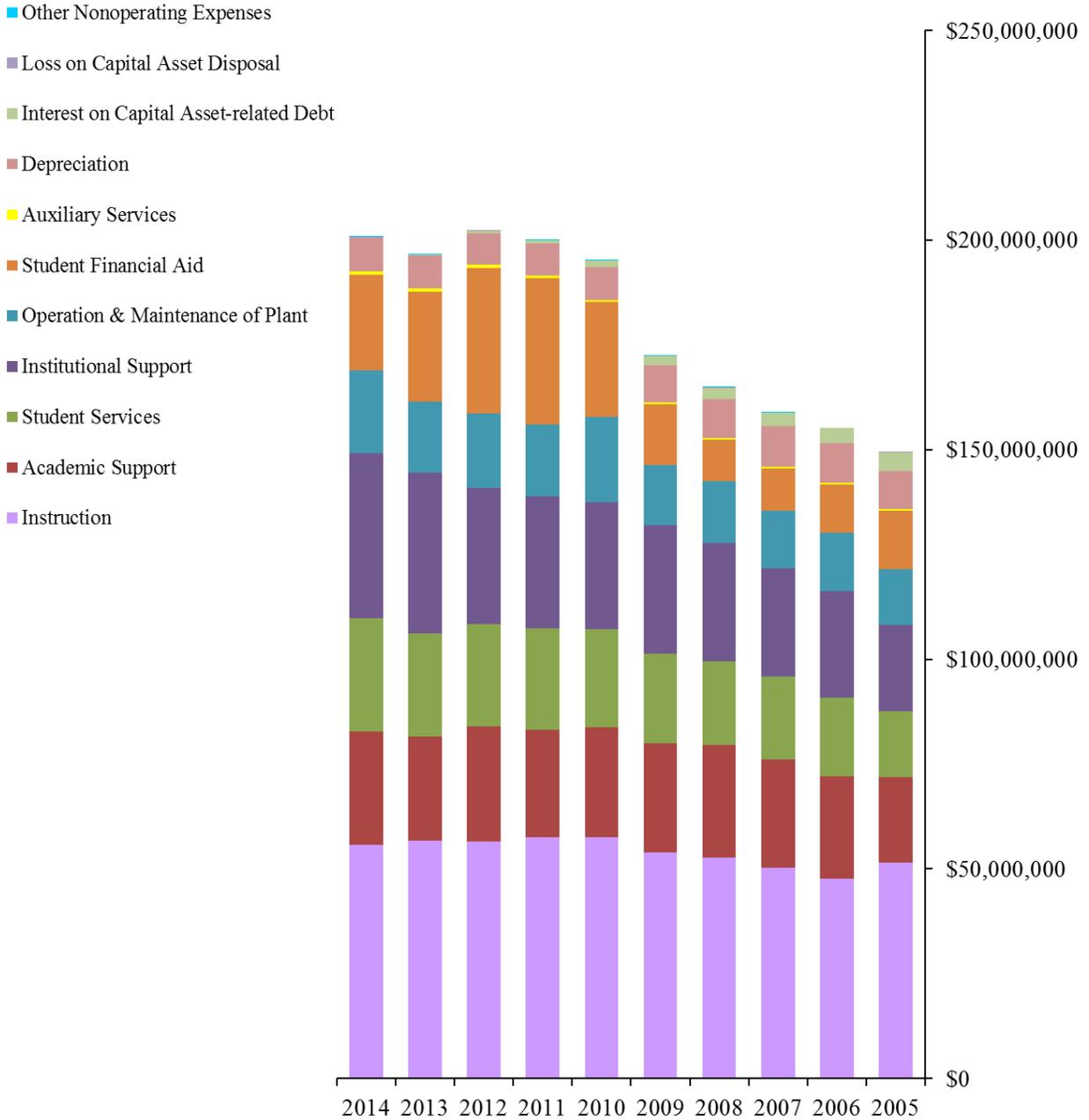
**Schedule of Expenses by Identifiable Activity
Fiscal Years 2014 to 2005**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Operating Expenses										
Instruction	\$ 55,712,283	\$ 56,722,122	\$ 56,541,376	\$ 57,500,697	\$ 57,464,058	\$ 53,829,194	\$ 52,780,535	\$ 50,358,712	\$ 47,590,586	\$ 51,458,514
Academic Support	26,968,277	24,878,589	27,424,159	25,592,122	26,414,846	26,059,669	26,847,901	25,845,798	24,404,446	20,353,720
Student Services	27,093,085	24,615,986	24,475,523	24,400,835	23,398,419	21,425,318	19,899,674	19,646,698	18,773,819	15,850,844
Institutional Support	39,336,193	38,208,264	32,376,945	31,362,563	30,106,066	30,689,156	28,316,662	25,841,538	25,518,916	20,612,824
Operation and Maintenance of Plant	19,593,974	17,134,651	17,805,567	17,188,038	20,361,539	14,402,725	14,591,818	13,663,309	14,005,767	13,299,786
Student Financial Aid	22,739,712	26,244,500	34,764,717	34,799,330	27,564,234	14,444,634	9,982,314	10,217,749	11,390,995	13,827,818
Auxiliary Enterprises	917,261	755,713	694,438	594,145	441,050	511,708	445,760	442,005	376,163	405,840
Depreciation	8,224,999	7,775,302	7,637,565	7,682,122	7,894,367	8,886,260	9,270,375	9,630,691	9,426,904	9,183,078
Total Operating Expenses	200,585,784	196,335,127	201,720,290	199,119,852	193,644,579	170,248,664	162,135,039	155,646,500	151,487,596	144,992,424
Nonoperating Expenses										
Interest on Capital Asset-Related Debt	67,750	207,304	464,825	882,425	1,461,113	2,081,623	2,589,150	3,171,063	3,747,663	4,346,303
Loss on Capital Asset Disposal	266,394	10,657	106,875	11,914	23,640	21,355	100,080	122,362		101,565
Other Nonoperating Expenses	24,900	43,871		8,773	30,940	138,716	171,472	24,161		
Total Nonoperating Expenses	359,044	261,832	571,700	903,112	1,515,693	2,241,694	2,860,702	3,317,586	3,747,663	4,447,868
Total Expenses	\$ 200,944,828	\$ 196,596,959	\$ 202,291,990	\$ 200,022,964	\$ 195,160,272	\$ 172,490,358	\$ 164,995,741	\$ 158,964,086	\$ 155,235,259	\$ 149,440,292

Source: District Records

Pima County Community College District Financial Trends

Graph of Expenses by Identifiable Activity
Fiscal Years 2014 to 2005



**Pima County Community College District
Financial Trends**

Schedule of Revenues by Source
Fiscal Years 2014 to 2005

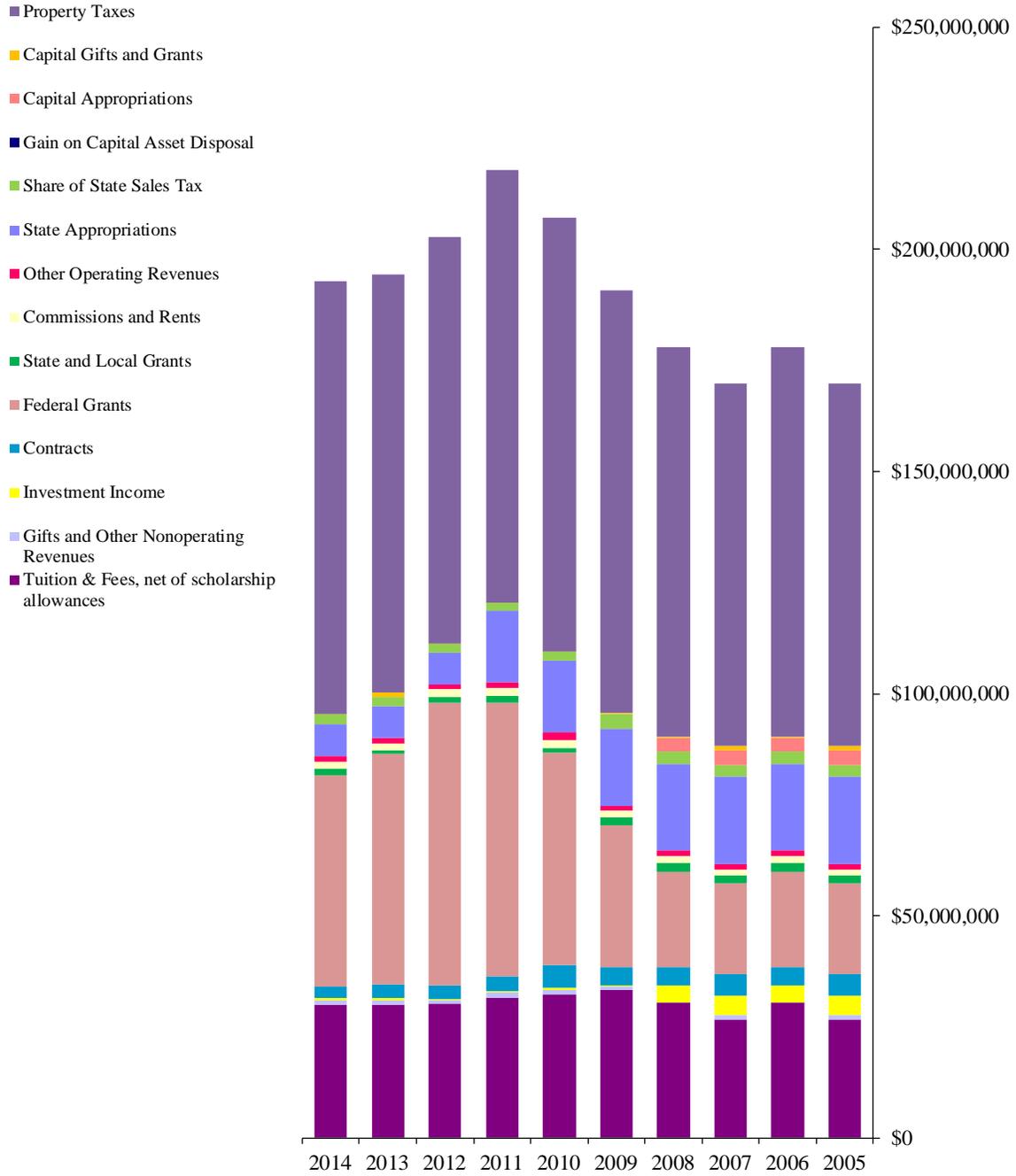
	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Operating Revenues										
Tuition and Fees, net of scholarship allowances	\$ 30,092,480	\$ 30,034,844	\$ 30,315,594	\$ 31,543,208	\$ 32,359,864	\$ 33,365,932	\$ 30,540,815	\$ 26,598,153	\$ 26,916,148	\$ 24,569,880
Contracts	2,565,513	2,887,596	3,096,886	3,350,861	5,073,714	3,908,570	4,056,206	4,653,215	4,774,704	5,638,159
Commissions and Rents	1,613,283	1,653,777	1,827,383	1,891,920	1,881,242	1,492,245	1,484,209	1,415,147	1,386,225	1,272,341
Other Operating Revenues	1,199,976	1,099,854	961,978	1,311,330	1,825,203	1,151,767	1,225,909	1,116,516	1,059,377	1,415,404
Total Operating Revenues	35,471,252	35,676,071	36,201,841	38,097,319	41,140,023	39,918,514	37,307,139	33,783,031	34,136,454	32,895,784
Nonoperating Revenues										
Property Taxes	97,523,572	94,150,821	91,581,461	97,431,336	97,583,761	95,074,188	87,864,083	81,545,867	76,820,090	71,646,214
State Appropriations	7,136,600	7,353,500	7,146,400	15,942,100	15,942,100	17,413,618	19,593,500	19,593,500	19,593,500	19,593,500
Federal Grants	47,429,534	51,918,293	63,645,052	61,762,889	47,861,962	32,131,073	21,535,563	20,516,659	22,279,565	25,711,090
State and Local Grants	1,666,184	770,688	1,326,419	1,366,883	996,369	1,730,592	2,111,608	1,796,011	1,673,520	1,473,173
Share of State Sales Tax	2,256,268	2,072,940	1,977,303	1,909,767	1,964,641	3,264,463	2,659,271	2,740,430	2,500,110	2,107,302
Gifts and Other Nonoperating Revenues	861,085	895,476	799,030	1,147,421	961,332	659,580	4,080	1,045,882	444,736	521,017
Investment Income	545,906	661,368	137,407	220,521	477,231	341,179	3,686,392	4,484,818	3,084,756	1,974,152
Gain on Capital Asset Disposal									739,909	
Capital Appropriations							3,198,900	3,262,900	3,268,000	3,297,800
Capital Gifts and Grants	30,673	800,000	66,200	41,463	136,726	200,826	133,626	1,051,226	51,226	51,226
Total Nonoperating Revenues	157,449,822	158,623,086	166,679,272	179,822,380	165,924,122	150,815,519	140,787,023	136,037,293	130,455,412	126,375,474
Total Revenues	\$ 192,921,074	\$ 194,299,157	\$ 202,881,113	\$ 217,919,699	\$ 207,064,145	\$ 190,734,033	\$ 178,094,162	\$ 169,820,324	\$ 164,591,866	\$ 159,271,258

Source: District Records

Note: Data for Contracts, Federal Grants and State and Local Grants was restated beginning fiscal year 2008 to coincide with revised revenue classifications.

Pima County Community College District Financial Trends

Graph of Revenues by Source
Fiscal Years 2014 to 2005



Source: District Records

**Pima County Community College District
Revenue Capacity**

Assessed Value and Full Cash Value of All Taxable Property
Last Ten Fiscal Years
Dollars in Thousands

<u>Fiscal Year/Levy Type (1)</u>	<u>Net Assessed Value</u>	<u>Total Direct Tax Rate (2)</u>	<u>Full Cash Values (3)</u>	<u>Ratio of Net Assessed to Full Cash Value</u>
2012/2013 Primary	\$ 8,073,938	1.2746	\$ 76,085,641	10.61%
2012/2013 Secondary	8,171,212	<u>0.0187</u>	77,731,086	10.51%
Total		1.2933		
2011/2012 Primary	\$ 8,310,120	1.1484	\$ 78,036,208	10.65%
2011/2012 Secondary	8,448,282	<u>0.0257</u>	80,152,473	10.54%
Total		1.1741		
2010/2011 Primary	\$ 8,939,647	1.0846	\$ 82,348,221	10.86%
2010/2011 Secondary	9,342,561	<u>0.0248</u>	86,228,902	10.83%
Total		1.1094		
2009/2010 Primary	\$8,985,712	0.9755	\$80,593,121	11.15%
2009/2010 Secondary	9,860,981	<u>0.1093</u>	88,098,754	11.19%
Total		1.0848		
2008/09 Primary	\$8,230,967	0.9356	\$73,122,499	11.26%
2008/09 Secondary	9,594,862	<u>0.1414</u>	85,993,246	11.16%
Total		1.0770		
2007/08 Primary	\$7,353,331	0.9844	\$64,347,659	11.43%
2007/08 Secondary	8,220,396	<u>0.1511</u>	72,101,321	11.40%
Total		1.1355		
2006/07 Primary	\$6,467,202	1.0191	\$56,437,790	11.46%
2006/07 Secondary	6,869,955	<u>0.1654</u>	59,890,229	11.47%
Total		1.1845		
2005/06 Primary	\$5,849,549	1.0570	\$50,631,267	11.55%
2005/06 Secondary	6,050,950	<u>0.1945</u>	52,335,111	11.56%
Total		1.2515		
2004/05 Primary	\$5,412,550	1.0930	\$46,754,009	11.58%
2004/05 Secondary	5,620,156	<u>0.2184</u>	48,474,537	11.59%
Total		1.3114		
2003/04 Primary	\$5,022,474	1.1143	\$42,927,737	11.70%
2003/04 Secondary	5,221,271	<u>0.2285</u>	44,423,165	11.75%
Total		1.3428		

Sources: Pima County Department of Finance (June 30, 2013 CAFR)
Pima County Assessor's Office

- Notes:** (1) Primary - Taxes levied to pay for current operation and maintenance expenses.
Secondary - Taxes levied to pay principal and interest on bonded indebtedness and special district assessments.
(2) Includes Primary and Secondary tax rates.
(3) Full Cash Value or Secondary Value approximates market value.

**Pima County Community College District
Revenue Capacity**

Property Tax Levies and Collections (1)
Last Ten Fiscal Years

Fiscal Year	Original Real Property Tax Levy	Board Ordered Changes thru 6/30/14	Adjusted Levy	(2) Collections/ Payments Initial Tax Year	Percent of Original Levy	(2) Collections/ Payments thru 6/30/14	Percent of Adjusted Levy	(3) Taxes Receivable as of 6/30/14
2014	\$92,461,302	\$0	\$92,461,302	\$89,226,779	96.50%	\$89,226,779	96.50%	\$3,234,523
2013	88,643,360	22,950	88,666,310	85,469,057	96.42%	88,393,731	99.69%	272,579
2012	86,335,655	158,584	86,494,239	83,080,271	96.23%	86,172,138	99.63%	322,101
2011	83,858,009	(\$158,996)	83,699,013	79,888,743	95.27%	83,142,378	99.33%	556,635
2010	80,612,932	(\$134,231)	80,478,701	77,256,390	95.84%	80,395,356	99.90%	83,345
2009	77,538,112	(64,314)	77,473,798	74,356,209	95.90%	77,435,544	99.95%	38,254
2008	71,233,238	(113,128)	71,120,110	68,590,439	96.29%	71,107,029	99.98%	13,081
2007	65,036,724	(53,891)	64,982,833	62,767,895	96.51%	64,963,798	99.97%	19,035
2006	60,651,389	(6,755)	60,644,634	58,642,022	96.69%	60,626,383	99.97%	18,251
2005	57,155,078	(97,218)	57,057,860	55,279,797	96.72%	57,048,309	99.98%	9,551
Totals	\$763,525,799	(\$446,999)	\$763,078,800	\$734,557,602		\$758,511,445		\$4,567,355

Source: All figures are derived from Pima County Treasurer's Tax Ledgers and spreadsheets.

Notes: (1) All amounts shown are for primary property taxes only. Unsecured personal property taxes are not included in this schedule because the dates of the monthly tax rolls vary each year.

Total unsecured personal property tax board ordered changes and collections for fiscal year 2013-14 were \$0.00 and \$3,328,213 respectively, for tax years 2004 through 2013, including rolls and cycles through June 30, 2014. The total outstanding levy at June 30, 2014 for the period cited stands at \$937,304.

(2) Amounts collected are on a cash basis.

(3) Represents the difference between the adjusted levy and collected to June 30, 2014.

**Pima County Community College District
Revenue Capacity**

Schedule of Principal Property Taxpayers

Last Ten Years as of 2013 (1)

Dollars in Thousands

<u>Employer</u>	<u>2013</u>			<u>2012</u>			<u>2011</u>			<u>2010</u>			<u>2009</u>		
	<u>Estimated Assessed Value (2)</u>	<u>Rank</u>	<u>Percent of Total Assessed Value</u>	<u>Estimated Assessed Value (2)</u>	<u>Rank</u>	<u>Percent of Total Assessed Value</u>	<u>Estimated Assessed Value (2)</u>	<u>Rank</u>	<u>Percent of Total Assessed Value</u>	<u>Estimated Assessed Value (2)</u>	<u>Rank</u>	<u>Percent of Total Assessed Value</u>	<u>Estimated Assessed Value (2)</u>	<u>Rank</u>	<u>Percent of Total Assessed Value</u>
Unisource/Tucson Electric Power Co.	\$200,706	1	2.6%	\$179,262	1	2.2%	\$168,510	1	2.0%	\$164,363	1	1.8%	\$158,764	2	1.6%
Freeport-McMoRan Copper & Gold	136,947	2	1.8%	142,419	2	1.7%	99,048	2	1.2%	89,289	2	1.0%	198,694	1	2.0%
ASARCO LLC	74,101	3	1.0%	83,778	3	1.0%	58,585	4	0.7%	28,878	5	0.3%	20,042	8	0.2%
Southwest Gas Corporation	61,669	4	0.8%	61,718	4	0.8%	64,533	3	0.8%	65,879	3	0.7%	64,775	4	0.7%
QWEST Corporation	40,386	5	0.5%	53,225	5	0.7%	51,942	5	0.6%	55,076	4	0.6%	74,646	3	0.8%
Trico Electric Co-Op Inc.	21,713	6	0.3%	22,133	6	0.3%	21,217	6	0.3%	21,208	6	0.2%	21,029	7	0.2%
Northwest Hospital LLC	16,980	7	0.2%	17,723	8	0.2%	17,390	9	0.2%	17,097	8	0.2%			
Wal-Mart Stores Incorporated	16,923	8	0.2%	15,581	9	0.2%									
DND Neffson Co. (Tucson Mall)	16,030	9	0.2%	17,998	7	0.2%	17,931	7	0.2%	17,715	7	0.2%	18,888	10	0.2%
Verizon Wireless	12,884	10	0.2%	14,291	10	0.2%									
Target Corporation							17,519	8	0.2%						
Star Pass Resort Developments LLC							16,153	10	0.2%	16,582	10	0.2%	19,384	9	0.2%
Arizona Portland Cement										16,635	9	0.2%	27,561	6	0.3%
ASARCO Mining													63,572	5	0.6%
Raytheon															
Westin La Paloma															
El Conquistador Hotel															
HDP Northwest															
Total Top Ten	\$598,339		7.8%	\$608,128		7.4%	\$532,828		6.3%	\$ 492,722		5.3%	\$667,355		6.8%

Source: Pima County Department of Finance (June 30, 2013 CAFR)

Notes: (1) June 30, 2014 statistics were unavailable at time of publication.

(2) Secondary Assessed Valuation for Tax Year

\$7,623,691

\$8,171,212

\$8,448,282

\$9,342,561

\$9,860,981

**Pima County Community College District
Revenue Capacity**

Schedule of Principal Property Taxpayers (continued)

Last Ten Years as of 2013 (1)

Dollars in Thousands

<u>Employer</u>	<u>2008</u>			<u>2007</u>			<u>2006</u>			<u>2005</u>			<u>2004</u>		
	<u>Estimated Assessed Value (2)</u>	<u>Rank</u>	<u>Percent of Total Assessed Value</u>	<u>Estimated Assessed Value (2)</u>	<u>Rank</u>	<u>Percent of Total Assessed Value</u>	<u>Estimated Assessed Value (2)</u>	<u>Rank</u>	<u>Percent of Total Assessed Value</u>	<u>Estimated Assessed Value (2)</u>	<u>Rank</u>	<u>Percent of Total Assessed Value</u>	<u>Estimated Assessed Value (2)</u>	<u>Rank</u>	<u>Percent of Total Assessed Value</u>
Unisource/Tucson Electric Power Co.	\$153,431	2	1.6%	\$150,771	1	1.8%	\$143,362	1	2.1%	\$145,937	1	2.4%	\$125,597	1	2.2%
Freeport-McMoRan Copper & Gold	156,780	1	1.6%	93,656	3	1.1%	55,176	4	0.8%	21,209	6	0.4%	15,250	7	0.3%
ASARCO LLC															
Southwest Gas Corporation	63,698	4	0.7%	62,919	4	0.8%	62,846	3	0.9%	62,970	3	1.0%	59,528	3	1.1%
QWEST Corporation	87,000	3	0.9%	94,300	2	1.1%	87,093	2	1.3%	104,468	2	1.7%	104,944	2	1.9%
Trico Electric Co-Op Inc.	18,816	9	0.2%	18,044	8	0.2%	14,806	10	0.2%				12,925	10	0.2%
Northwest Hospital LLC															
Wal-Mart Stores Incorporated															
DND Neffson Co. (Tucson Mall)	21,013	8	0.2%	19,897	7	0.2%	19,087	7	0.3%	22,377	5	0.4%	19,364	5	0.3%
Verizon Wireless															
Target Corporation															
Star Pass Resort Developments LLC	15,889	10	0.2%	15,280	10	0.2%	17,068	8	0.2%						
Arizona Portland Cement	23,593	7	0.2%	23,468	6	0.3%	22,858	5	0.3%	22,459	4	0.4%	21,296	4	0.4%
ASARCO Mining	44,047	5	0.5%												
Raytheon	33,833	6	0.4%	58,987	5	0.7%	21,665	6	0.3%	16,069	8	0.3%	13,895	9	0.2%
Westin La Paloma				15,959	9	0.2%	15,504	9	0.2%	16,358	7	0.3%	15,943	6	0.3%
El Conquistador Hotel										13,653	10	0.2%	14,655	8	0.3%
HDP Northwest										14,708	9	0.2%			
Total Top Ten	\$618,100		6.4%	\$ 553,281		6.7%	\$ 459,465		6.7%	\$ 440,208		7.3%	\$ 403,397		7.2%

Source: Pima County Department of Finance (June 30, 2013 CAFR)
Notes: (1) June 30, 2014 statistics were unavailable at time of publication.
(2) Secondary Assessed Valuation for Tax Year

\$9,594,862

\$8,220,396

\$6,869,955

\$6,050,950

\$5,620,156

Pima County Community College District Revenue Capacity

Property Tax Rates, Direct and Overlapping Governments Last Ten Fiscal Years (Per \$100 of Assessed Value) (6)

Tax Year	(1)	State of Arizona	Central Arizona	(2)	(3)	County Library District	Education Assistance	(4)	
	Pima County Community College District		Water Conservation District	Pima County	Flood Control District			Cortaro-Marana Irrigation District	
2013	1.2933	0.0000	0.1400	4.4921	0.2635	0.3753	0.5123	69.0000	
2012	1.1741	0.0000	0.1000	4.2425	0.2635	0.3460	0.4717	66.0000	
2011	1.1094	0.0000	0.1000	4.2396	0.2635	0.3460	0.4259	66.0000	
2010	1.0848	0.0000	0.1000	4.1063	0.2635	0.3100	0.3564	66.0000	
2009	1.0770	0.0000	0.1000	4.0639	0.2635	0.2643	0.3306	66.0000	
2008	1.1355	0.0000	0.1000	4.0374	0.2935	0.3393	0.0000	66.0000	
2007	1.1845	0.0000	0.1000	4.3253	0.3446	0.3975	0.0000	65.0000	
2006	1.2515	0.0000	0.1200	4.5985	0.3746	0.3675	0.0000	60.0000	
2005	1.3114	0.0000	0.1200	4.8290	0.3746	0.2575	0.4358	60.0000	
2004	1.3428	0.0000	0.1200	4.9297	0.3546	0.2124	0.4560	60.0000	

Tax Year	(4)	(4)	City of Tucson	City of Tucson	Street Lighting Impro. District	(5)	(6)	School Districts	
	Flowing Wells Irrigation District	Silverbell Irrigation District				Mobile Home Relocation District	Towns Other	Range	From
2013	19.3500	3.0000	1.4304	2.9776	10.1900	0.5000	7.0000	1.1287	7.4319
2012	19.3500	3.0000	1.2639	2.7640	9.6038	0.5000	7.0000	1.2484	7.3187
2011	19.3500	3.0000	1.1621	2.6603		0.5000	7.0000	1.7682	6.9480
2010	19.3500	3.0000	0.9550	0.1999			7.0000	1.4797	7.0689
2009	19.3500	3.0000	0.9344	0.2035			6.4000	1.3726	7.6340
2008	19.3500	3.0000	0.9601	0.2143			6.4000	1.4622	7.8009
2007	12.9000	3.0000	1.1321	0.2258			6.4000	1.6020	8.1490
2006	12.9000	3.0000	1.2257	0.2383			3.1000	1.7394	9.1529
2005	12.9000	3.0000	1.2364	0.2383			2.8000	1.8090	8.6482
2004	12.9000	3.0000	1.1847	0.2383			2.8000	1.8931	8.4846

Source: Pima County Department of Finance (June 30, 2013 CAFR), June 30, 2014 statistics were unavailable at time of publication.

- Notes:** The Towns of Marana, Oro Valley and Sahuarita do not currently levy a property tax. The Tucson Business Improvement District levy (on a per-business basis) is not shown.
- (1) Rate includes any secondary tax levy for debt service on general obligation bonds.
 - (2) Rate includes the secondary tax levy for debt service on general obligation bonds and fire district assistance.
 - (3) The Pima County Flood Control District tax levy applies only to real property.
 - (4) Irrigation districts' tax rates shown are levied on a per acre basis.
 - (5) Mobile Home Relocation levy applies only to unsecured mobile homes
 - (6) 2004 & 2005 figures represent the rate for the Community Facilities District of Gladden Farms.
 - The 2006 figure represents the aggregate rate for the Community Facilities Districts of Gladden Farms and Vanderbilt Farms.
 - 2007, 2008 and 2009 figures represent the Community Facilities Districts of Gladden Farms, Vanderbilt Farms and Quail Creek.
 - The 2010 to 2012 figures represent the aggregate rate for the Community Facilities Districts of Gladden Farms, Vanderbilt Farms, Quail Creek, Gladden Farms Phase II and Saguaro Springs.

**Pima County Community College District
Revenue Capacity**

**Schedule of Tuition
Last Ten Fiscal Years**

Academic Year Beginning (1)	Full-Time Tuition & Fees (2) (3)		Tuition per Credit Hour	
	<u>In State (4)</u>	<u>Out of State (5)</u>	<u>In State</u>	<u>Out of State (6)</u>
Fall 2013	\$ 2,150	\$ 10,055	\$ 65.50	\$ 329.00
Fall 2012	2,060	9,725	63.50	319.00
Fall 2011	1,910	8,975	58.50	294.00
Fall 2010	1,760	8,225	53.50	269.00
Fall 2009	1,685	7,910	51.50	259.00
Fall 2008	1,625	7,610	49.50	249.00
Fall 2007	1,565	7,235	47.00	236.00
Fall 2006	1,475	7,025	46.00	231.00
Fall 2005	1,415	6,725	44.00	221.00
Fall 2004	1,345	6,415	42.00	211.00

Source: District Records

Notes: Beginning in January 2012, the College began charging additional tuition, known as differential tuition, for courses that are more costly for the College to offer. These rates are not reflected in the table.

- (1) Tuition rate changes are effective beginning the fall term each year
- (2) These amounts are for full-time students with an academic year of 30 credit hours.
- (3) Amounts include processing fees of \$20 per year beginning in 2005 and \$10 per year for all prior years; student activity fees of \$2.50 per credit hour in academic years 04/05 - 07/08, \$2.00 per credit hour in academic years 08/09 - 09/10, \$2.50 per credit hour in academic years 10/11 - 12/13 and \$3.00 beginning in Fall 2013 when discount rate for out-of-state tuition for less than 7 credit hours was eliminated; and technology fees of \$2.00 per credit hour beginning in academic years 07/08 - 12/13 and \$2.50 per credit hour beginning in Fall 2013
- (4) For years prior to 2004, tuition cost for 13 to 18 credits was a flat amount and not on a per credit hour basis.
- (5) For years prior to 2004, tuition cost for 13 to 18 credits was a flat amount, plus an additional amount per credit hour.
- (6) Rates shown are for 7 or more credit hours.

**Pima County Community College District
Debt Capacity**

Schedule of Ratios of Outstanding Debt

Last Ten Fiscal Years

Dollars in Thousands

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Bonded Debt										
Total General Bonded Debt	\$ 0	\$ 1,355	\$ 3,280	\$ 5,100	\$ 14,635	\$ 27,335	\$ 39,905	\$ 51,155	\$ 61,730	\$ 71,675
Per Headcount	\$ 0.00	\$ 0.03	\$ 0.06	\$ 0.08	\$ 0.24	\$ 0.44	\$ 0.64	\$ 0.82	\$ 0.99	\$ 1.16
Per FTSE	\$ 0.00	\$ 0.07	\$ 0.15	\$ 0.23	\$ 0.66	\$ 1.31	\$ 1.97	\$ 2.58	\$ 3.09	\$ 3.51
Per Capita (Pima County)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.03	\$ 0.04	\$ 0.05	\$ 0.06	\$ 0.08
Other Debt										
Revenue Bonds					\$ 0	\$ 100	\$ 200	\$ 480	\$ 1,345	\$ 2,440
Capital Lease Obligations		\$ 0	\$ 3,365	\$ 3,615	\$ 3,855	\$ 4,080	\$ 4,295	\$ 4,505	\$ 4,705	\$ 4,900
Revenue Refunding Obligations							\$ 0	\$ 1,510	\$ 2,950	\$ 4,320
Total Outstanding Debt	\$ 0	\$ 1,355	\$ 6,645	\$ 8,715	\$ 18,490	\$ 31,515	\$ 44,400	\$ 57,650	\$ 70,730	\$ 83,335
Per Headcount	\$ 0.00	\$ 0.03	\$ 0.11	\$ 0.14	\$ 0.30	\$ 0.51	\$ 0.72	\$ 0.92	\$ 1.14	\$ 1.35
Per FTSE	\$ 0.00	\$ 0.07	\$ 0.30	\$ 0.38	\$ 0.84	\$ 1.51	\$ 2.20	\$ 2.91	\$ 3.54	\$ 4.09
Per Capita (Pima County)	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.03	\$ 0.04	\$ 0.06	\$ 0.07	\$ 0.09

Source: District Records. Per Capita calculations based on 2014 forecasted population from "Arizona Economy" magazine, Fall Issue, October 2014. <http://ebr.eller.arizona.edu>

**Pima County Community College District
Debt Capacity**

Revenue Bond Coverage (1)

Last Ten Fiscal Years

<u>Fiscal Year</u>	Revenue:		Debt Service Requirements			<u>Coverage</u>
	<u>Registration & Other Student Fees (2)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		
2014	\$11,335,291	\$0	\$0	\$0	N/A	
2013	11,957,351	0	0	0	N/A	
2012	12,724,354	0	0	0	N/A	
2011	13,746,061	0	0	0	N/A	
2010	12,420,570	0	0	0	N/A	
2009	12,726,254	100,000	14,000	114,000	111.63	
2008	12,173,479	100,000	21,000	121,000	100.61	
2007	11,142,229	1,690,000	107,900	1,797,900	6.20	
2006	11,376,931	2,305,000	224,425	2,529,425	4.50	
2005	11,103,905	2,465,000	353,840	2,818,840	3.94	
Totals	<u>120,706,425</u>	<u>6,660,000</u>	<u>721,165</u>	<u>7,381,165</u>		

Source: District Records

Notes: (1) Includes revenue bonds and pledged revenue refunding obligations.

(2) Repayment of revenue bond debt is secured by a pledge of student fees as defined by the bond indentures.

**Pima County Community College District
Debt Capacity**

Ratio of General Bonded Debt to Assessed Value and Net Bonded Debt per Capita

Last Ten Fiscal Years, as of June 30, 2013 (1)

Dollars in Thousands

Fiscal Year	General Obligation Bond Debt	Secondary Net Assessed Value	Percent Net General Bond Debt to Assessed Value	Population at July 1	Net General Bonded Debt per Capita
2013	\$ 1,355	\$ 8,171,212	0.02%	996,700	\$ 0.00
2012	3,280	8,448,282	0.04%	990,300	0.00
2011	5,100	9,342,561	0.05%	976,900	0.01
2010	14,635	9,860,981	0.15%	1,030,700	0.01
2009	27,335	9,594,862	0.28%	1,017,200	0.03
2008	39,905	8,220,396	0.49%	1,016,600	0.04
2007	51,155	6,896,955	0.74%	1,002,800	0.05
2006	61,730	6,050,950	1.02%	983,600	0.06
2005	71,675	5,620,156	1.28%	954,300	0.08
2004	80,785	5,221,271	1.55%	928,500	0.09

Source: District Records, secondary net assessed values from Pima County Department of Finance (June 30, 2013 CAFR) and population is an estimate from the "Arizona Economy" magazine's Forecast Tables. October 2013: Fall Issue. <http://www.ebr.eller.arizona.edu>

Notes: Details regarding outstanding debt can be found in Notes to the Financial Statements.
(1) June 30, 2014 statistics were unavailable at time of publication.

**Pima County Community College District
Debt Capacity**

Computation of Direct and Overlapping Governmental Debt Outstanding

At June 30, 2013

Dollars in thousands

<u>Governmental unit</u>	<u>Debt Outstanding</u>	<u>Amount Overlapping</u> (3)
Debt repaid with property tax (1)		
City of Tucson	\$ 229,071	\$ 229,071
School Districts	613,325	<u>613,325</u>
Total Overlapping		<u>\$ 842,396</u>
Debt repaid with property tax		
Pima County (2)	\$ 467,368	\$ 467,368
Pima County Community College District	1,355	<u>1,355</u>
Total Direct		<u>\$ 468,723</u>
Other Debt:		
Capital Lease Obligations	\$0	<u>\$0</u>
Total other debt		<u>\$0</u>
Total direct and overlapping debt		<u><u>\$ 1,311,119</u></u>

Source: District Records and Pima County Department of Finance (June 30, 2013 CAFR)

Notes: (1) June 30, 2014 amounts were unavailable at the time of publication

(2) Excludes improvement districts

(3) Overlapping governments are those that coincide with the geographic boundaries of the District. All overlapping governments are 100% within the District's boundaries. This schedule estimates the portion of the outstanding debt borne by the residents and businesses in Pima County. When considering the District's ability to issue and repay long-term debt, the process should recognize the entire debt burden borne by the residents and businesses therein. However, this does not imply that every taxpayer is a resident of each government and therefore is responsible for the repayment of debt of each overlapping government.

**Pima County Community College District
Debt Capacity**

Ratio of Direct and Overlapping Debt to Property Values and per Capita

Last Ten Fiscal Years, as of June 30, 2013 (1)

Dollars in Thousands

<u>Fiscal Year</u>	<u>Total Overlapping Debt</u>	<u>Secondary Net Assessed Value</u>	<u>Percentage of Assessed Value</u>	<u>Population at July 1 (1)</u>	<u>Debt per Capita</u>
2013	\$ 1,311,417	\$ 8,172,212	16.05%	996,670	\$ 1.32
2012	1,284,219	8,448,282	15.20%	990,380	1.30
2011	1,335,431	9,342,561	14.29%	986,081	1.35
2010	1,302,802	9,860,981	13.21%	981,168	1.33
2009	1,213,050	9,594,862	12.64%	984,274	1.23
2008	1,137,114	8,220,396	13.83%	984,032	1.16
2007	1,107,662	6,869,955	16.12%	977,258	1.13
2006	1,146,388	6,050,950	18.95%	959,474	1.20
2005	1,185,435	5,620,156	21.09%	940,004	1.26
2004	1,091,892	5,221,271	20.91%	914,011	1.20

Source: Pima County Department of Finance (June 30, 2013 CAFR)

Note: June 30, 2014 statistics were unavailable at the time of publication

(1) Beginning with 2013, population based on calendar year and prior year data updated to reflect the new source data

**Pima County Community College District
Debt Capacity**

Legal Debt Margin
Last Ten Fiscal Years
Dollars in Thousands

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Assessed Value	\$ 7,623,691	\$ 8,171,212	\$ 8,448,282	\$ 9,342,561	\$ 9,860,981	\$ 9,594,862	\$ 8,220,396	\$ 6,869,955	\$ 6,050,950	\$ 5,620,156
Legal Debt Margin										
Debt Limit (15% of assessed value)	1,143,554	1,225,682	1,267,242	1,401,384	1,479,147	1,439,229	1,233,059	1,030,493	907,643	843,023
Debt applicable to limit:										
General obligation bonds	0	1,355	3,280	5,100	14,635	27,335	39,905	51,155	61,730	71,675
Leases	0	0	3,365	3,615	4,451	4,701	5,390	5,988	5,821	6,310
Total net debt applicable to the limit	0	1,355	6,645	8,715	19,086	32,036	45,295	57,143	67,551	77,985
Legal debt margin	\$ 1,143,554	\$ 1,224,327	\$ 1,260,597	\$ 1,392,669	\$ 1,460,061	\$ 1,407,193	\$ 1,187,764	\$ 973,350	\$ 840,092	\$ 765,038
Total net debt applicable to the limit as a percentage of debt limit.	0.00%	0.11%	0.52%	0.62%	1.29%	2.23%	3.67%	5.55%	7.44%	9.25%

Source: District records

Pima County Community College District Demographic and Economic Information

Schedule of Principal Employers Last Ten Years

Employer	2014			2013			2012			2011			2010		
	FTE (1)	Rank	Percent of Total County Employment	FTE (1)	Rank	Percent of Total County Employment	FTE (1)	Rank	Percent of Total County Employment	FTE (1)	Rank	Percent of Total County Employment	FTE (1)	Rank	Percent of Total County Employment
University of Arizona	11,047	1	2.4%	10,846	1	2.4%	10,681	1	2.3%	10,481	2	2.2%	10,363	2	2.1%
Raytheon Missile Systems	9,933	2	2.2%	10,300	2	2.3%	10,500	2	2.3%	10,500	1	2.2%	12,140	1	2.5%
State of Arizona	9,439	3	2.1%	8,807	4	1.9%	9,061	3	2.0%	8,866	3	1.8%	8,708	3	1.8%
Davis-Monthan Air Force Base	8,933	4	2.0%	9,100	3	2.0%	8,566	4	1.9%	8,462	4	1.7%	7,755	4	1.6%
Pima County	7,328	5	1.6%	6,076	9	1.3%	6,170	9	1.4%	6,403	7	1.3%	6,511	7	1.3%
Tucson Unified School District No. 1	6,525	6	1.4%	6,790	6	1.5%	6,674	6	1.5%	6,709	6	1.4%	7,012	6	1.4%
The University of Arizona Health Network (3)	6,329	7	1.4%	6,099	8	1.3%	6,654	7	1.5%	5,982	9	1.2%			
U.S. Army Intelligence Center and Fort Huachuca	5,717	8	1.3%				6,198	8	1.4%	6,225	8	1.3%	6,236	8	1.3%
Freeport-McMoRan Copper & Gold Inc. (2)	5,600	9	1.2%	5,463	10	1.2%									
Wal-Mart Stores Inc.	5,200	10	1.1%	7,450	5	1.6%	7,300	5	1.6%	7,308	5	1.5%	7,192	5	1.5%
U.S. Customs and Border Protection/U.S. Border Patrol				6,500	7	1.4%	6,000	10	1.3%						
City of Tucson										4,930	10	1.0%	5,399	9	1.1%
Carondelet Health Network													4,566	10	0.9%
Tohono O'odham Nation															
Total	76,051		16.8%	77,431		17.1%	77,804		17.1%	75,866		15.6%	75,882		15.5%
Total Work Force	452,676			453,200			455,900			485,800			488,500		

Source: 2014, 2013, 2012 and 2011: "The Star 200" - The Arizona Daily Star, www.dailystarads.azstarnet.com Previous years: Pima County Department of Finance (June 30, 2011 CAFR)
Notes: (1) FTE equals approximate full time equivalent employment.
(2) Formerly Phelps Dodge Mining Co.
(3) Formerly UA Healthcare

**Pima County Community College District
Demographic and Economic Information**

Schedule of Principal Employers (continued)
Last Ten Years

<u>Employer</u>	<u>2009</u>			<u>2008</u>			<u>2007</u>			<u>2006</u>			<u>2005</u>		
	<u>FTE (1)</u>	<u>Rank</u>	<u>Percent of Total County Employment</u>	<u>FTE (1)</u>	<u>Rank</u>	<u>Percent of Total County Employment</u>	<u>FTE (1)</u>	<u>Rank</u>	<u>Percent of Total County Employment</u>	<u>FTE (1)</u>	<u>Rank</u>	<u>Percent of Total County Employment</u>	<u>FTE (1)</u>	<u>Rank</u>	<u>Percent of Total County Employment</u>
University of Arizona	10,575	2	2.2%	10,535	3	2.3%	10,354	2	2.3%	10,282	3	2.3%	10,348	2	2.3%
Raytheon Missile Systems	11,539	1	2.4%	12,515	1	2.7%	11,184	1	2.5%	10,756	2	2.4%	10,300	3	2.3%
State of Arizona	9,329	3	1.9%	10,754	2	2.3%	9,927	3	2.2%	9,742	4	2.2%	9,750	4	2.2%
Davis-Monthan Air Force Base	7,509	4	1.5%	7,701	5	1.7%	8,233	5	1.8%	8,233	5	1.9%	8,727	5	2.0%
Pima County	6,235	8	1.3%	6,954	6	1.5%	7,290	7	1.6%	6,765	7	1.5%	6,767	7	1.5%
Tucson Unified School District No. 1	7,227	5	1.5%	8,018	4	1.7%	7,419	6	1.6%	7,623	6	1.7%	7,684	6	1.7%
The University of Arizona Health Network (3)															
U.S. Army Intelligence Center and Fort Huachuca	6,463	7	1.3%	6,701	7	1.5%	9,119	4	2.0%	13,098	1	3.0%	12,250	1	2.8%
Freeport-McMoRan Copper & Gold Inc. (2)	5,987	9	1.2%	5,840	9	1.3%	4,900	10	1.1%	4,123	10	0.9%	4,500	10	1.0%
Wal-Mart Stores Inc.	6,715	6	1.4%	5,805	10	1.3%	5,625	9	1.2%	4,980	9	1.1%	4,595	9	1.0%
U.S. Customs and Border Protection/U.S. Border Patrol															
City of Tucson	5,635	10	1.2%	5,848	8	1.3%	5,848	8	1.3%	5,306	8	1.2%	6,757	8	1.5%
Carondelet Health Network															
Tohono O'odham Nation															
Total	77,214		15.9%	80,671		17.6%	79,899		17.6%	80,908		18.2%	81,678		18.3%
Total Work Force	486,400			459,200			453,500			443,300			443,100		

Source: 2014, 2013, 2012 and 2011: "The Star 200" - The Arizona Daily Star, www.dailystarads.azstarnet.com Previous years: Pima County Department of Finance (June 30, 2011 CAFR)

Notes: (1) FTE equals approximate full time equivalent employment.

(2) Formerly Phelps Dodge Mining Co.

(3) Formerly UA Healthcare

**Pima County Community College District
Demographic and Economic Information**

Schedule of Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	County Population	Countywide Personal Income (in thousands)	Countywide Personal Income per Capita	Countywide Unemployment Rate
2014	1,002,700	\$37,867,000	\$37,765	6.9%
2013	996,700	\$36,838,000	\$36,960	7.6%
2012	990,300	\$37,000,000	\$37,361	9.7%
2011	976,900	\$36,696,700	\$35,885	9.1%
2010	1,030,700	\$34,974,000	\$33,931	8.6%
2009	1,017,200	\$32,898,000	\$32,343	7.9%
2008	1,016,600	\$33,009,000	\$32,470	4.7%
2007	1,002,800	\$30,899,000	\$30,813	3.3%
2006	983,600	\$28,421,000	\$28,894	4.4%
2005	954,300	\$26,161,000	\$27,412	4.1%

Source: 2014 Population and personal income data are forecast estimates obtained from "Arizona Economy" magazine's Forecast Tables. Countywide unemployment rate obtained from "Arizona Economy" magazine's Arizona Economic Indicators for the Tucson Metropolitan Statistical Area (MSA). October 2014: Fall Issue. <http://www.ebr.eller.arizona.edu>

**Pima County Community College District
Operating Information**

Administrators, Faculty and Staff Statistics

Last Ten Fiscal Years

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Administrators										
Regular	56	55	54	53	53	53	62	56	56	51
Faculty										
Regular	391	391	391	392	388	389	387	362	380	380
Adjunct	569	630	692	772	742	703	629	551	564	639
Staff										
Regular	1,051	1,019	1,059	1,037	1,016	1,047	1,023	927	1,020	1,017
Temporary	168	162	192	197	206	203	177	190	189	241
Student	38	39	39	33	52	54	47	72	97	95

Source: District Records

Note: Figures for Regular positions are based on budgeted full-time equivalents. Figures for Adjunct, Temporary & Student positions are based on estimates from actual costs.

Pima County Community College District Operating Information

Admissions, Enrollment and Degree Statistics Last Ten Fiscal Years

	Fiscal Year									
	2014	2013	2012	2011 (1)	2010	2009	2008	2007	2006	2005
Students Statistics										
Part-Time %	67%	66%	66%	66%	66%	71%	72%	72%	70%	69%
Full-Time %	33%	34%	34%	34%	34%	29%	28%	28%	30%	31%
Degrees Awarded	2,644	2,634	2,549	2,282	2,162	2,232	2,359	2,080	1,918	1,833
Certificates Awarded	2,880	2,856	2,622	2,775	2,471	2,314	2,094	2,553	2,836	2,135
Ethnicity										
Hispanic/Latino %	38%	36%	33%	30%	27%	27%	28%	30%	30%	30%
Black or African American %	5%	5%	5%	4%	4%	4%	4%	4%	4%	4%
Asian %	3%	4%	4%	4%	4%	3%	3%	4%	4%	4%
American Indian or Alaska Native %	2%	2%	3%	2%	3%	3%	2%	2%	2%	3%
Two or More Races %	3%	3%	3%	4%						
White %	45%	47%	47%	47%	52%	53%	54%	54%	56%	56%
Not Reported %	3%	3%	5%	9%	10%	10%	9%	6%	4%	3%
Gender										
Male %	45%	45%	44%	44%	45%	45%	42%	41%	42%	42%
Female %	51%	52%	53%	54%	53%	54%	56%	57%	56%	56%
Not Reported %	4%	3%	3%	2%	2%	1%	2%	2%	2%	2%

Source: District Records

Note (1): Starting in Fall 2010, PCCCD transitioned to new race/ethnicity categories as mandated by the Federal Integrated Postsecondary Education Data System. A survey was carried out during Fall 2010 in which students were asked if they were Hispanic or Latino and to select one or more of five race categories. If they selected "Yes" to Hispanic/Latino then they are counted in that category. If they responded "No", they are counted in the other categories. Students could choose more than one race and those students are reported as "Two or More Races." If students did not respond to the survey, they were mapped to the new categories based on data from previous semesters (if available). All other students were reported as unknown.

**Pima County Community College District
Operating Information**

**Historic Enrollment – Headcount and Full Time Student Equivalent
Last Ten Fiscal Years**

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
HEADCOUNT										
Total District	49,504	53,550	59,303	62,973	61,961	62,306	61,925	62,360	62,252	61,769

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
FTSE										
Campus										
Community	2,255	2,500	2,688	2,902	2,860	3,165	2,871	2,846	3,085	3,166
Desert Vista	1,882	1,998	2,317	2,373	2,045	1,732	1,602	1,527	1,574	1,707
Downtown	3,411	3,773	4,271	4,441	4,346	3,922	3,909	3,704	3,776	3,974
East	2,652	2,845	3,302	3,520	3,461	3,142	2,997	2,946	3,017	3,186
Northwest	2,182	2,382	2,881	2,987	2,756	2,317	2,072	1,862	1,792	1,793
West	4,747	5,188	5,702	5,886	5,787	5,417	5,340	5,358	5,438	5,463
Center for Training & Dev.	245	256	296	342	245	234	145	231	324	314
Public Safety Institute	589	572	570	455	521	960	1,286	1,332	987	790
Total District	17,963	19,514	22,027	22,906	22,021	20,889	20,222	19,806	19,993	20,393

Source: District Records

**Pima County Community College District
Operating Information**

Schedule of Capital Asset Information
Fiscal Years 2014 to 2005

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Computer / Audio Visual	\$ 6,920,823	\$ 7,923,704	\$ 8,025,772	\$ 8,417,256	\$ 9,582,667	\$ 8,855,484	\$ 9,871,571	\$ 11,279,651	\$ 11,279,956	\$ 10,325,677
Education & Recreation	923,817	1,217,677	1,192,609	1,113,565	1,146,282	1,124,515	1,118,262	1,154,934	1,164,172	1,181,762
Library Books	7,322,133	7,401,241	7,248,861	7,089,440	6,839,290	7,008,859	6,820,816	6,500,768	6,216,833	5,942,433
Medical & Technical	8,661,480	7,390,865	6,033,567	5,421,527	5,203,044	4,775,005	3,749,130	3,172,234	2,632,126	2,467,733
Office Equipment & Furniture	250,107	421,304	479,842	563,088	917,161	1,205,699	1,470,064	1,634,443	1,809,859	1,821,137
Other	3,507,462	3,218,678	2,259,692	2,134,436	1,912,687	2,033,173	1,819,891	1,600,723	1,534,580	1,382,323
Physical Plant	1,980,542	2,127,709	2,242,208	2,242,137	2,208,687	2,225,582	1,369,761	1,411,883	1,388,668	1,636,206
Vehicles	3,664,253	3,606,332	3,441,151	3,332,506	3,374,845	3,168,611	3,091,815	3,044,515	2,749,032	2,533,637
Buildings	189,670,381	178,676,673	178,480,684	178,480,684	178,365,580	177,745,881	177,636,152	177,520,132	177,520,132	177,124,410
Construction in Progress	0	3,851,830	1,450,322	171,778	0	325,611	255,736	17,749	25,831	405,252
Land	10,971,088	10,971,088	10,971,088	10,971,088	10,971,088	10,971,088	10,971,088	10,971,088	10,971,088	11,065,383
Land Improvements	4,320,223	4,320,223	4,320,223	4,320,223	4,320,223	4,320,223	4,320,223	4,320,223	4,320,223	4,301,476
Leasehold Improvements	3,260,062	3,260,062	3,260,062	3,385,100	3,385,100	3,385,100	3,385,100	3,385,100	3,385,100	3,385,100
	<u>\$ 241,452,371</u>	<u>\$ 234,387,386</u>	<u>\$ 229,406,081</u>	<u>\$ 227,642,827</u>	<u>\$ 228,226,654</u>	<u>\$ 227,144,831</u>	<u>\$ 225,879,609</u>	<u>\$ 226,013,443</u>	<u>\$ 224,997,600</u>	<u>\$ 223,572,529</u>

Source: District Records

Note: Amounts shown are historical cost and do not include depreciation.

The Board of Governors of Pima County Community College District has affirmed that the College is an equal education/employment opportunity institution.

The College has policies relative to nondiscrimination on the basis of sex, sexual orientation, race, religion, color, national origin, age, disability and/or membership as set forth in USERRA. Such policies apply to all educational programs, services, activities, and facilities, and to all terms and conditions of employment.

For further information, you may contact the Affirmative Action/Equal Employment Opportunity Office, District Office, 4905C East Broadway Boulevard, Tucson, Arizona, 85709-1310.

Reasonable accommodations, including materials in an alternative format, will be made for individuals with disabilities when a minimum of five working days advance notice is given. For the general public, please contact the College information line at (520) 206-4500 or TTY (520) 206-4530; for College students, please contact the appropriate campus Disabled Student Resources Office.