



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Annual Budgeted Expenditure Limitation Report

Pima County Community College District

Year Ended June 30, 2003



Debra K. Davenport
Auditor General

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Pima County Community College District
Report on Audit of Annual Budgeted Expenditure Limitation Report
Year Ended June 30, 2003

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**STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL**

**DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL**

**WILLIAM THOMSON
DEPUTY AUDITOR GENERAL**

Independent Auditors' Report

Members of the Arizona State Legislature

The Governing Board of
Pima County Community College District

We have audited the accompanying Annual Budgeted Expenditure Limitation Report of Pima County Community College District for the year ended June 30, 2003. This report is the responsibility of the District's management. Our responsibility is to express an opinion on this report based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the report. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall report presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Annual Budgeted Expenditure Limitation Report was prepared for the purpose of complying with the uniform expenditure reporting system as discussed in Note 1, and is not intended to be a presentation in conformity with U.S. generally accepted accounting principles.

In our opinion, the Annual Budgeted Expenditure Limitation Report of Pima County Community College District for the year ended June 30, 2003, referred to above presents fairly, in all material respects, the information required by the uniform expenditure reporting system on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the members of the Arizona State Legislature and the Governing Board, and for filing with the Auditor General of the State of Arizona, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Dennis L. Mattheisen, CPA
Financial Audit Director

December 19, 2003

Pima County Community College District
Annual Budgeted Expenditure Limitation Report—Part I
Year Ended June 30, 2003

1. Economic Estimates Commission expenditure limitation	<u>\$76,390,014</u>
2. Total amount subject to the expenditure limitation (from Part II, Line C)	<u>77,738,666</u>
3. Less expenditures of monies received pursuant to Arizona Revised Statutes §15-1472 (workforce development)	<u>(1,348,653)</u>
4. Adjusted amount subject to the expenditure limitation	<u>76,390,013</u>
5. Amount under the expenditure limitation	<u>\$ 1</u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of Chief Fiscal Officer: _____

Name and Title: Janice M. Stroh, Vice Chancellor for Finance and Administrative Services

Telephone Number: (520) 206-4519 Date: December 19, 2003

See accompanying notes to report.

Pima County Community College District
Annual Budgeted Expenditure Limitation Report—Part II
Year Ended June 30, 2003

Description	Current Funds			Plant Funds		Total
	Unrestricted		Restricted	Unexpended	Retirement of Indebtedness	
	General	Auxiliary Enterprises				
A. Total budgeted expenditures	\$ 98,493,174	\$ 409,563	\$ 27,515,854	\$ 21,406,361	\$ 22,413,774	\$ 170,238,726
B. Less exclusions claimed:						
Bond proceeds (Note 2)				17,269,544		17,269,544
Debt service requirements on bonded indebtedness (Note 3)					19,773,005	19,773,005
Debt service requirements on other long-term obligations (Note 3)					1,623,569	1,623,569
Dividends, interest, and gains on the sale or redemption of investment securities (Note 4)		7,390	4,646	1,432,017	280,766	1,724,819
Grants and aid from the federal government (Note 5)			23,644,914		51,226	23,696,140
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 5)	32,514	67,773	406,205	50,000		556,492
Amounts received from the State of Arizona for the purchase of land, and the purchase or construction of buildings or improvements				2,654,800		2,654,800
Contracts with other political subdivisions (Note 5)	2,167,653					2,167,653
Tuition and fees (Note 5 and Note 6)	23,034,038					23,034,038
Total exclusions claimed	25,234,205	75,163	24,055,765	21,406,361	21,728,566	92,500,060
C. Amounts subject to the expenditure limitation	<u>\$ 73,258,969</u>	<u>\$ 334,400</u>	<u>\$ 3,460,089</u>	<u>\$ -</u>	<u>\$ 685,208</u>	<u>\$ 77,738,666</u>

Pima County Community College District
Notes to Annual Budgeted Expenditure Limitation Report
Year Ended June 30, 2003

Note 1 - Summary of Significant Accounting Policies

The Annual Budgeted Expenditure Limitation Report (ABELR) is presented on the basis of accounting prescribed by the uniform expenditure reporting system (UERS), as required by Arizona Revised Statutes (A.R.S.) §41-1279.07, which excludes expenditures of certain revenues specified in the Arizona Constitution, Article IX, §21 from the total budgeted expenditures.

The information reported in both the ABELR and the financial statements is derived from the same underlying accounting data. However, the formats of the ABELR and the financial statements differ. The ABELR presents budgeted expenditures, exclusions, and amounts subject to the limitation by fund type as required by A.R.S. §41-1279.07. The financial statements present the net assets, changes in net assets, and cash flows for the District as a whole in accordance with U.S. generally accepted accounting principles.

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

Note 2 - Of the \$20,331,446 reported as purchases of capital assets and the \$23,863,047 reported as payments to suppliers on the Statement of Cash Flows, only \$17,269,544 was expended from bond proceeds and claimed as an exclusion.

Note 3 - Exclusions claimed for debt service requirements on bonded indebtedness and debt service requirements on other long-term obligations are \$19,773,005 and \$1,623,569, respectively.

Both amounts are included in the amounts reported as principal paid on capital debt and interest paid on capital debt on the Statement of Cash Flows.

Note 4 - Exclusions claimed of \$1,724,819 for dividends, interest and gains on the sale or redemption of investment securities exceeded investment income of \$1,458,859, reported on the Statement of Revenues, Expenses, and Changes in Net Assets. The difference consists of:

- Student loan fund investment income of \$449 was not claimed as an exclusion because the fund is not subject to the expenditure limitation; and
- General fund investment income of (\$266,409) was not claimed as exclusion because it reduced fund balance.

Pima County Community College District
Notes to Annual Budgeted Expenditure Limitation Report
Year Ended June 30, 2003

Note 5 - The following schedule presents revenues from which exclusions have been claimed for grants and aid from the federal government; grants, aid, contributions or gifts, etc.; contracts with other political subdivisions; and tuition and fees.

**Statement of Revenues,
Expenses and Changes in
Net Assets:**

Federal grants and contracts	\$23,764,169
State and local grants and contracts	8,625,952
Gifts	506,992
Capital gifts and grants	<u>261,958</u>
 Total	 <u>\$33,159,071</u>

ABELR:

Grants and aid from the federal government	\$23,696,140
Grants, aid, contributions or gifts from a private agency, organization or individual, except amounts received in lieu of taxes	556,492
Contracts with other political subdivisions	2,167,653
Tuition and fees (Note 6)	<u>4,518,424</u>
Total exclusions claimed	<u>30,938,709</u>
Other revenues (nonexcludable)	<u>2,220,362</u>
Total	<u>\$33,159,071</u>

Note 6 - Of the gross tuition and fees of \$26,868,528 reported on the Statement of Revenues, Expenses and Changes in Net Assets, only \$18,515,614 was expended and claimed as an exclusion. The remaining \$8,352,914 has been carried forward to future years. In addition, \$4,518,424 reported as part of the \$8,625,952 in state and local grants and contracts on the Statement of Revenues, Expenses and Changes in Net Assets was for contract instruction tuition and was also claimed as an exclusion.