Notice of Committee Meeting
9:00 a.m.
District Office, Building D
Catalina Vista Room D-225
4905 E. Broadway
Tucson, AZ 85709

AGENDA FOR MEETING*

General Matters

Call to Order

Action Items

1. Approval of Minutes for the following meetings:
   a. Committee Meeting, March 20, 2015

Reports

2. Investment Report results through April, 2015, Lee Morgan and Lorna Schmidt, RBC

3. Entrance Interview with Auditors, Ina Lancaster, Director of Budget and Reporting
   a. Audit Timeline
   b. Introduction of Representatives from State of Arizona Office of Auditor General


5. Committee Chair Comments
   a. PCC Board Meeting Follow-up Discussion
   b. Open Seat Candidate(s)

6. Committee Co-Chair Comments
   a. Board Reporting Calendar

7. CFO Executive Summary Updates
   a. Preliminary Fiscal Year 2014-15 results through March 2015
   b. Fiscal Year 2015-16 Budget
   c. Open Meeting Law
   d. College Reorganization

8. Future Agenda Items
   a. Fiscal Year 2015-16 Meeting Schedule
   b. Charter Review
   c. Health Plan Self-Insurance
d. Risk Management  
e. Investment Policy review and update  
f. Public Information/Transparency Enhancement  
g. IPEDS

Adjournment

Next Meeting
July 17, 2015  
9:00 a.m.  
District Office-Catalina Vista Room D-225  
4905 E. Broadway  
Tucson, AZ 85709

*Option to recess into executive session* – Pursuant to A.R.S. 38-431.03(A)(2) the Committee may vote to go into executive session for discussion or consideration of records exempt by law from public inspection, including the receipt and discussion of information or testimony that is specifically required to be maintained as confidential by state or federal law.

*Additional Information* – Additional information about the above agenda items is available for review on the College’s website at https://www.pima.edu/about-pima/board-of-governors/board-committees/finance-audit-committee/agendas-minutes.html

*The Committee reserves the right to change the order of agenda items.*

*To request a reasonable accommodation for individuals with disabilities, a minimum of five (5) business days before the event is requested. Contact Phone: (520) 206-4539 Fax: (520) 206-4567.

Members of the Committee may participate by telephone, video, or internet conferencing.
Members

Present:
Bert Landau, Jesus Manzanedo, Marie Nemerguth, Tracy Nuckolls, Adrianne Regrutto, Scott Stewart, Nathanael Tarwasokono (Chair), Clarence Vatne, and David Bea (ex officio)

Absent:
David Longoria

Guests:
Ina Lancaster

General Matters

Call to Order
Chair Nathanael Tarwasokono called the meeting to order at 9:03 a.m.

Action Items

Approval of Minutes for Committee Meeting, February 25, 2015

Motion No. 201503-01

Tracy Nuckolls motioned and Marie Nemerguth seconded, to rectify the seconded motion made by David Longoria approving minutes for January 16, 2015 when he was not yet a member; with this change, the minutes for the February 25, 2015 meeting were approved.

Vote: All Committee members present voted “aye” by voice vote.
Motion CARRIED

Approval to recommend the appointment of a new Committee member

Mr. Tarwasokono led the Committee in a brief discussion regarding filling the committee open seat. During the discussion, the Committee recommended keeping Chad Driedger as an alternate candidate and requested administration open a recruitment invitation with the following preferred criteria:

- Fraud/Investigative background
- Human Resource knowledge
- CPA

Mr. Tarwasokono asked administration to consider advertising the recruitment to Beach Fleischman Financial Professional Services Firm, if there is no conflict between the College and PCC Foundations office.

Ms. Adrianne Regrutto will compose and send a recruitment letter draft to Dr. David Bea for distribution.
Approval to add Budget to Actual Report Enhancement to future College Financial Reports

Motion No. 201503-02

Bert Landau motioned and Adrianne Regrutto seconded, to add the Budget to Actual Report Enhancement to future College Financial Reports.

Vote: All Committee members present voted “aye” by voice vote.

Motion CARRIED

Approval of Financial Ratio Analysis for distribution

Motion No. 201503-03

Jesus Manzanedo motioned and Tracy Nuckolls seconded, to post the Financial Ratio Analysis for distribution with the following modifications:

- Put definitions below each chart instead of on a different page
- A definition of the High Benchmark and Low Benchmark
- Enhanced explanation of viability ratio (explain why it is meaningless)
- Inform committee members before the ratios are published

Vote: All Committee members present voted “aye” by voice vote.

Motion CARRIED

Reports

Committee Chair Comments

Mr. Tarwasokono had no comments outside of posted agenda topics for Charter Review and Finance and Audit Committee update to the Board of Governors.

CFO Executive Summary Updates

Preliminary Fiscal Year 2014-15 results through January 2015

Dr. Bea provided a brief discussion of the financial statements that are presented to the Board of Governors for the period ending January 2015.

Key points discussed include:
- Slowing expenditures in current year
- Delayed capital budget expenses in current year and for next year
- Slowed and/or delayed facility modifications
- Hiring freeze for non-mission critical positions

State Budget Update

Dr. Bea provided a state budget update that included the following key points:
- Expenditure Limit House Bill is no longer active
- State funding has been eliminated resulting in a loss of $6.5 million
- PCC budgets will be no longer be driven by the state deficits
- Revenue generating
  - Board approved $5 tuition increase
Board of Governor’s Finance and Audit Committee Minutes

Date: 3/20/15

Page 3

- Board approved $5 processing fee increase (from $10 to $15)
- Eliminated $15 graduation fee and $2 ID fee
- Board to consider approving tax levy - $2 million
- Goal to increase enrollment by 1000 FTSE - Exploring specific targets
- Researching creating an incentive so all are engaged in increasing enrollment

Dr. Bea also noted that the College is reviewing a new organization structure for campus presidents, enrollment initiatives, no salary increases, possible position freezes for non-mission critical positions, and retaining students through excellent customer service.

Mr. Clarence Vatne provided feedback after participating on a Budget Planning Subcommittee that is creating PCC budget criteria stating his appreciation for how complex PCC is as an institution and how decisions are based on committee consensus. Mr. Vatne also noted his concern with learning the lack of consistency with curriculum across the district.

Mr. Tracy Nuckolls noted his observations after attending a campus budget update presentation noting that approximately one hundred individuals were in attendance and many appeared to be interested in the topic and many contributed good revenue generating ideas and expressed concerns with possibly cutting certain programs.

The Committee was invited to attend a “Conversation with the Chancellor” to be held on March 27, 2015 at West Campus. Detailed information was emailed to Committee members.

**Expenditure Limit Projections – Ina Lancaster**

Dr. Bea informed the Committee that House Bill 2424 regarding Expenditure Limit projections has been tabled for the 2015-16 year and is no longer an immediate threat to the College.

Ms. Ina Lancaster, Director of Budget and Reporting, reported that the February expenditure limitation projections are $68 thousand under the limit after cutting some project spending.

Committee took a break at 10:25 a.m.

Committee re-convened into open session at 10:31 a.m.

**Charter Review**

Committee members discussed the Charter and noted the following:

- Be more proactive and involved in reports before they are finalized/posted
- More involved with internal auditor reports
- First year more exploration, year two needs more focused items added to the Charter
- Continue as an oversight and transparency committee
- Non-oversight items should be removed from the Charter and should be management items
- Oversight for reporting not review of all/every report detail
- Corporate compliance
- Meetings with auditors are key to validate information being reported by administration(concerns with misinformation)
- Next year’s focus should be more charter focused – oversight, transparency, ask questions, make recommendations, partner committee members with key management personnel i.e. auditors, budgeting, etc.

Mr. Tarwasokono and Dr. Bea will meet and prepare suggested changes, tactical details, and deletions send them to committee members for review prior to the next committee meeting on May 15.

(Continued)
Mr. Tarwasokono suggested reviewing the term length to extend longer than the current 1-3 year terms; possibly staggering the number of year to “not exceed” an agreed upon number of years. The committee will also create a process for recruiting to fill open seats and approve selecting a chair elect person who should not be the co-chair which is occupied by a PCC Board member.

Mr. Nuckolls expressed interest in becoming the Committee Chair Elect, which will be formalized during the May 15 meeting.

Finance and Audit Committee update to the Board of Governors on April 8, 2015
After a brief discussion the Committee agreed to postpone presenting to the PCC Board of Governors from April 8 to May 13. Dr. Bea noted that he will also present the proposed budget to the Board of Governors during the May 13 meeting.

Key points to share with the Board include:
- Transparency
- Oversight
- Initiated staff increase to Internal Auditors office
- Met with Auditor General’s Office Representatives without management
- Trainings
- Added Actuals vs. Budget Report enhancement
- Ratio Reports distributed

Future Agenda Items
- Finalize Charter revisions
- Data Security (VC of IT)
- Investment Update (RBC)
- Health Plan Self-Insurance
- Risk Management
- Investment Policy review and update
- Public Information/Transparency Enhancement
- IPEDS

Adjournment:
Meeting adjourned at 11:12 a.m.

Next Meeting:
Friday, May 15, 2015 at 9:00 a.m.

Crystal Wheeler, Support Coordinator to EVC for Finance and Administration
Minute Taker

Date approved by Committee
Pima County Community College

May 15, 2015

Presented by:

Lee Morgan, Vice President, Institutional Portfolio Manager
Lorna Schmidt, Vice President, Institutional Portfolio Manager
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I. Portfolio Review  
II. Economic & Market Overview  
III. Firm Overview  
IV. Portfolio Holdings
I. Portfolio Review
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<td>▪ General Objectives</td>
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<td>▪ Safety of Principal</td>
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<td>▪ Liquidity</td>
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<td>▪ Return</td>
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<tr>
<td>▪ Permitted and Suitable Investments</td>
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<td>▪ Diversification</td>
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<td>▪ Maximum Maturity</td>
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<tr>
<td>▪ Credit Quality</td>
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</tbody>
</table>
Risk Management

RISKS

- Investment Mandate & Client Policy Adherence
- Market Risk
- Operational Risk
- Legal/Regulatory Risk

CONTROLS

- Investment Mandate & Policy Controls
  Daily portfolio monitoring ensures adherence to investment mandate and client-specific policies

- Portfolio Risk Management
  Active measuring and monitoring of client exposure to a wide range of market factors using a proprietary risk and analytics platform

- Portfolio Risk Management Oversight
  Review of strategy risk profiles, valuation and trading practices by senior leaders

- Internal Controls
  Firm-wide operational risk controls with various independent reporting structures to ensure objectivity

- Compliance Oversight
  Ongoing monitoring of regulatory rules and changes, as well as testing of policies and procedures, to ensure adherence to regulatory rules.

Enterprise Risk Management

Client Portfolio
Portfolio Characteristics
Pima County Community College– 1-3 Year Portfolio

Market Value: $30,616,865

Sector Distribution

<table>
<thead>
<tr>
<th>Sector</th>
<th>Pima County Community College 1-3 Yr</th>
<th>BofAML 1-3 Year Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Securitized</td>
<td>45.8%</td>
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</tr>
<tr>
<td>Treasury</td>
<td>40.4%</td>
<td>89.7%</td>
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<tr>
<td>Government Related</td>
<td>13.7%</td>
<td>10.2%</td>
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<tr>
<td>Cash &amp; Eq.</td>
<td>0.1%</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

-5% 5% 15% 25% 35% 45% 55% 65% 75% 85% 95%

Characteristics

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Pima County Community College 1-3 Year</th>
<th>BofAML 1-3 Year Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective Duration</td>
<td>1.70 years.</td>
<td>1.76 years</td>
</tr>
<tr>
<td>Market Yield</td>
<td>0.71%</td>
<td>0.55%</td>
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<tr>
<td>Average Quality</td>
<td>AAA</td>
<td>AAA</td>
</tr>
</tbody>
</table>

As of 4.30.15; Source: RBC GAM-US, BofA Merrill Lynch
### Portfolio Performance

**Pima County Community College– 1-3 Year Portfolio**

<table>
<thead>
<tr>
<th></th>
<th>YTD 2015</th>
<th>1Q 2015</th>
<th>4Q 2014</th>
<th>1 Year</th>
<th>Since Inception (7.1.12)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pima County Community College – 1-3 Year (gross)</td>
<td>0.64</td>
<td>0.59</td>
<td>0.32</td>
<td>1.17</td>
<td>0.83</td>
</tr>
<tr>
<td>Pima County Community College – 1-3 Year (net)</td>
<td>0.62</td>
<td>0.57</td>
<td>0.30</td>
<td>1.10</td>
<td>0.76</td>
</tr>
<tr>
<td>BofAML 1-3 Year Government Index</td>
<td>0.57</td>
<td>0.52</td>
<td>0.18</td>
<td>0.92</td>
<td>0.67</td>
</tr>
</tbody>
</table>

As of 4.30.15

*Source: RBC GAM-US, BoA Merrill Lynch*

All returns for periods greater than one year are shown on an annualized basis. Past performance is not indicative of future results.
Portfolio Characteristics
Pima County Community College– Cash Management Portfolio

Market Value: $25,116,321

Effective Duration: 0.40 years
Market Yield: 0.13%
Average Quality: AAA

Sector Distribution
- Treasury: 100.0%
- Government Related: 99.9%
- Cash & Eq.: 0.1%

Characteristics

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Pima County Community College – Cash Management</th>
<th>BofAML 91 Day T-Bill</th>
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</thead>
<tbody>
<tr>
<td>Effective Duration</td>
<td>0.40 years.</td>
<td>0.12 years.</td>
</tr>
<tr>
<td>Market Yield</td>
<td>0.13%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Average Quality</td>
<td>AAA</td>
<td>AAA</td>
</tr>
</tbody>
</table>

As of 4.30.15; Source: RBC GAM-US, BoA Merrill Lynch
## Portfolio Performance

**Pima County Community College – Cash Management Portfolio**

<table>
<thead>
<tr>
<th></th>
<th>YTD 2015</th>
<th>1Q 2015</th>
<th>4Q 2014</th>
<th>1 Year</th>
<th>Since Inception (5.1.12)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pima County Community College</td>
<td>0.09</td>
<td>0.05</td>
<td>0.03</td>
<td>0.16</td>
<td>0.19</td>
</tr>
<tr>
<td>– Cash Management (gross)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pima County Community College</td>
<td>0.07</td>
<td>0.04</td>
<td>0.01</td>
<td>0.09</td>
<td>0.12</td>
</tr>
<tr>
<td>– Cash Management (net)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BofAML 91-Day Treasury Index</td>
<td>0.01</td>
<td>0.00</td>
<td>0.00</td>
<td>0.03</td>
<td>0.07</td>
</tr>
</tbody>
</table>

As of 4.30.15

Source: RBC GAM-US, BoA Merrill Lynch

All returns for periods greater than one year are shown on an annualized basis. Past performance is not indicative of future results.
II. Economic & Market Overview
**Economic Summary**

**Macro**
- Slight global deceleration
- Substantial downside risks
- But low oil prices to sweeten growth

**Themes**
- Developed world: normalizing growth
  - Financial crisis effects fade
  - Longer business cycle
- Emerging markets: new, slower era

**Markets**
- Tightening Fed signals higher yields ahead
- USD strength to be sustained
- Commodity prices have fallen too far

**Risks**
- Eurozone politics
- Oil repercussions
- Deflation threat
RBC GAM GDP Forecast for Developed Markets

Source: RBC GAM
U.S. Consumer Outlook: Good

Source: RBC GAM
US Treasury Yield Curve Changes Over Time

As of 4.30.2015
Source: FactSet
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Return</td>
<td>The sum of all investment income plus the changes in the capital valuation in the portfolio.</td>
</tr>
<tr>
<td>Market Value</td>
<td>The current face amount of the security multiplied by the market price.</td>
</tr>
<tr>
<td>Market Yield</td>
<td>The portfolio’s overall yield, as measured by the market valuations of the portfolio holdings.</td>
</tr>
<tr>
<td>Book Yield</td>
<td>The yield to maturity of a security, as calculated at the time of purchase.</td>
</tr>
<tr>
<td>Duration</td>
<td>The measure of interest rate sensitivity which estimates the price change of a security (or a portfolio of securities) resulting from a change in interest rates. Duration may also be considered to be a measure of the &quot;average maturity&quot; of a stream of payments associated with a bond. It reflects a weighted average of the lengths of time until the remaining payments are made from a bond (or portfolio).</td>
</tr>
<tr>
<td>Convexity</td>
<td>A measure of interest rate sensitivity, used along with duration, which estimates the incremental price change resulting from the change in interest rates.</td>
</tr>
<tr>
<td>OAS</td>
<td>Option-Adjusted Spread (OAS) is a measure of a security's extra return over the return of a comparable risk-free security.</td>
</tr>
<tr>
<td>Spread Duration</td>
<td>The measure of the sensitivity of a security's price to changes in spreads, relative to U.S. Treasuries (a risk-free security). Wider (or more narrow) spreads will cause the price of the securities to fall (rise).</td>
</tr>
<tr>
<td>Amortized Cost</td>
<td>The price paid for the security, plus or minus adjustments for any purchase discounts of premiums associated with the purchase.</td>
</tr>
<tr>
<td>Unrealized Gain,</td>
<td>The gain/loss that would be recognized form selling an asset, as compared to the reported amortized cost.</td>
</tr>
<tr>
<td>Unrealized Loss</td>
<td></td>
</tr>
</tbody>
</table>
Royal Bank of Canada
Strength & Stability

One of the highest rated and largest banks in the world*
78,000 employees serving 16 million clients globally

RBC Global Asset Management
$295.8 billion (USD) in AUM globally across all major asset classes
- 54% in institutional assets
- 1,338 employees worldwide, including 337 investment professionals

RBC Global Asset Management - US
$43.8 billion in AUM

Client Type Profile
- Long-Term Mutual Funds: 25%
- Sub-Advisory: 25%
- Taft-Hartley: 6%
- Corporations: 19%
- Individuals/Other: 5%
- Public: 36%

Asset Class Profile
- Fixed Income: 66%
- Equity: 34%

All other data in U.S. dollars as of 3.31.15. Refer to disclosure page for more information on RBC GAM and its affiliates.
Breadth of Investment Capabilities
Strategies that Allow Us to Create Customized Client Solutions

Minneapolis
- U.S. Fixed Income (Short & Intermediate)
- U.S. Fixed Income (Impact Investing)
- U.S. Cash Mgmt.

Chicago
- U.S. Equity (Small Cap Growth)
- U.S. Equity (SMID Cap Growth)
- U.S. Equity (Mid Cap Growth)

New York
- Fund of Hedge Funds

Boston
- U.S. Equity (Small Cap Core)
- U.S. Equity (Small Cap Value)
- U.S. Equity (Mid Cap Value)
- U.S. Equity (Microcap Core)
- U.S. Equity (Large Cap Value)
- U.S. Equity (Large Cap Core)
- International Equity
- U.S. Fixed Income (Impact Investing)

Vancouver
- High Yield Bonds
- Derivative Overlay
- Canadian Fixed Income
- Canadian Cash Mgmt.
- Canadian Equity

Toronto
- Global Resources
- Global Precious Metals
- Global Energy
- Currency Solutions
- Canadian Fixed Income
- Canadian Equity (Core)
- U.S. Equity

London
- Emerging Market Aggregate
- Emerging Market Bond (Hard Currency)
- Emerging Market Corporate Debt
- Emerging Market Local Currency
- Emerging Market Local Currency Corporate
- Emerging Market Select Debt
- Emerging Market Unconstrained Fixed Income
- Global High Income Loan
- Global High Yield Debt
- Global Sovereign Debt
- Global Unconstrained High Yield
- Global Convertible Debt
- Investment Grade Absolute Return Debt
- Investment Grade Global Aggregate
- Global Investment Grade Corporate Bond
- Total Return Credit
- Credit Alpha Long/Short (Alternative)
- Direct Lending (Alternative)
- Event Driven Credit
- Emerging Market Fixed Income Opportunity
- Emerging Market Equity (Core)
- Emerging Market Equity (Small Cap)
- Global Equity
- International Equity

Hong Kong
- Asian Equity (Core)

Not all strategies presented are currently sold in the U.S.
The Fixed Income Team

Focus and Integration
Investment team empowered to excel through research-focused, sector-team structure
Institutional Portfolio Managers provide continuous review and client communication

<table>
<thead>
<tr>
<th>Sector Teams</th>
<th>Lead Portfolio Managers</th>
<th>Risk Management</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Municipal Research</strong></td>
<td><strong>Brian Svendahl, CFA</strong> Co-Head, U.S. Fixed Income</td>
<td><strong>Mike Lee, CFA</strong> Chief Executive Officer, President &amp; Chief Investment Officer</td>
</tr>
<tr>
<td><strong>Government &amp; Mortgage Research</strong></td>
<td><strong>Brandon Swensen, CFA</strong> Co-Head, U.S. Fixed Income</td>
<td><strong>Joshua Howard, CFA</strong> Director of Investment Risk</td>
</tr>
<tr>
<td><strong>Credit Research</strong></td>
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### Sector Teams

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<th><strong>Government &amp; Mortgage Research</strong></th>
<th><strong>Credit Research</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Raye Kanzenbach, CFA*</td>
<td>Scott Kirby*</td>
<td>Jake Rath, CFA</td>
</tr>
<tr>
<td>Senior Portfolio Manager</td>
<td>Senior Portfolio Manager</td>
<td>Portfolio Manager</td>
</tr>
<tr>
<td>Chad Rice, CFA</td>
<td>Eric Hathaway, CFA</td>
<td>James Weinand, CFA</td>
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<tr>
<td>Portfolio Manager</td>
<td>Portfolio Manager</td>
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<td>Tysann Forsman, CFA</td>
<td>Alexey Baskakov, CFA</td>
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<td></td>
<td>Analyst</td>
<td>Senior Analyst</td>
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<td>Laurie Mount</td>
<td>John Northup, CFA</td>
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<td>Analyst</td>
<td>Analyst</td>
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<td></td>
<td>Jonathan Tai, CFA, CFA</td>
<td>Matt Mueller, CFA</td>
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<td>Analyst</td>
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### Lead Portfolio Managers

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<tr>
<th><strong>As of 3.31.15</strong></th>
<th><strong>Institutional Portfolio Managers</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>John Utter</strong></td>
<td><strong>Bridget Tompkins</strong></td>
</tr>
<tr>
<td><strong>Lee Morgan</strong></td>
<td><strong>Scott Cabalika</strong></td>
</tr>
<tr>
<td>Head of Institutional Client Service – U.S.</td>
<td>Client Service Manager</td>
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<td></td>
<td>Ronald Homer</td>
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<td></td>
<td>Managing Director</td>
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<td>President – Access Capital</td>
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<td></td>
<td><strong>Amy Carlson</strong></td>
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<td><strong>Sara DeWolfe</strong></td>
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<td><strong>Ronald Homer</strong></td>
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<td><strong>Bridget Tompkins</strong></td>
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<td><strong>Scott Cabalka</strong></td>
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<td><strong>Lorna Schmidt</strong></td>
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<td><strong>Amy Carlson</strong></td>
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<tr>
<td></td>
<td><strong>Sara DeWolfe</strong></td>
</tr>
</tbody>
</table>

*Research Lead

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As of 3.31.15
Lee Morgan

Vice President, Institutional Portfolio Manager

Lee Morgan is responsible for overseeing all aspects of the client service experience for PFS clients. Lee joined RBC GAM-US in 2007 from Fifth Third Bank, where he spent 14 years assisting governmental, tax-exempt, and other institutional clients with their investment management, banking, and borrowing needs. He has worked in the financial services industry since 1993. Lee earned a BA in Political Science from Bates College and an MBA from the University of Cincinnati.

Scott Cabalka

Vice President, Institutional Portfolio Manager

Scott Cabalka is a senior portfolio manager responsible for our client service coverage of the RBC Money Market Funds, local government investment pools, and other short fixed income solutions. Scott is a veteran member of the firm’s Cash Strategy & Credit Committee and Fixed Income Committee, and provides guidance on investment policy and implementation for all of our short mandates. In addition, he leads our communication with clients invested in our short fixed income strategies and ensures that they receive the most appropriate solutions and service. Before joining RBC GAM-US in 1993, Scott was an account executive at Merrill Lynch, where he focused on short strategies for institutional investors. He has specialized in short fixed income since he began working in the investment industry in 1980. Scott earned a BS and an MBA in Finance from the University of Minnesota Carlson School of Management.

Lorna B. Schmidt

Vice President, Institutional Portfolio Manager

Lorna Schmidt leads the firm’s client service efforts on behalf of our intermediate and broad fixed income clients and is responsible for the development of asset allocation solutions for ultra high net worth and off-shore clients. Lorna joined RBC GAM-US in 2010. Most recently, as assistant vice president, client service-fixed income at AllianceBernstein, she was the principal client contact for multi-billion dollar relationships with insurance companies and sovereign wealth funds. Before that, Lorna was a member of a marketing communications team for institutional and retail channels at Morgan Stanley Asset Management. Her previous industry experience also includes several marketing and client service roles at Lazard Asset Management. Lorna began her career in the investment industry in 1999. She earned a BA from the University of Toronto and an MA from Columbia University. Lorna holds FINRA Series 7 and 63 licenses.
Amy Carlson
Associate Portfolio Manager

Amy Carlson coordinates client service activities for many of our institutional fixed income clients. Amy’s responsibilities include collaborating with clients and portfolio managers to ensure that our clients receive appropriate service and reporting. She also organizes meetings with clients and their portfolio managers. Before joining our Client Service Team, Amy worked as an analyst in our fixed income division beginning in 2001, most recently as a member of the short term research team. Before joining RBC GAM-US in 1999, she worked in U.S. Bank’s corporate trust division as a debt management analyst. Amy began working in the investment industry in 1994. She studied financial economics at St. Catherine University.
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IV. Portfolio Holdings
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client Overview</td>
<td>1</td>
</tr>
<tr>
<td>Performance Detail</td>
<td>2</td>
</tr>
<tr>
<td>Fixed Income Portfolio Overview</td>
<td>4</td>
</tr>
<tr>
<td>Fixed Income Characteristic Detail</td>
<td>6</td>
</tr>
<tr>
<td>Fixed Income Holdings</td>
<td>8</td>
</tr>
<tr>
<td>Transactions</td>
<td>17</td>
</tr>
<tr>
<td>Rating Changes</td>
<td>19</td>
</tr>
<tr>
<td>Cash Reconciliation</td>
<td>20</td>
</tr>
<tr>
<td>Disclaimer</td>
<td>21</td>
</tr>
</tbody>
</table>
Client Overview

OVERVIEW

Investment Strategy  
Short Government

Primary Benchmark  
BofAML 1-3 Yr Govt
BofAML 91 Day T-Bill

CONTACT TEAM

Lee Morgan  
Institutional Portfolio Manager
513-826-0563 - lee.morgan@rbc.com

Scott Cabalka  
Institutional Portfolio Manager
612-376-7003 - scott.cabalka@rbc.com

Amy Carlson  
Associate Portfolio Manager
612-376-7070 - amy.carlson@rbc.com

IMPORTANT DATES

Inception Date  
04/05/2012

Contract Date  
03/23/2012

Investment Policy Date  
03/28/2012

ASSETS UNDER MANAGEMENT

<table>
<thead>
<tr>
<th></th>
<th>Quantity (Units)</th>
<th>Total Cost</th>
<th>Market Value</th>
<th>Market Yield</th>
<th>Accrued Income</th>
<th>Percent Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>57,548</td>
<td>57,548.12</td>
<td>57,548.12</td>
<td>0.00</td>
<td>0.00</td>
<td>0.10%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>55,388,793</td>
<td>55,498,533.81</td>
<td>55,675,637.92</td>
<td>0.45</td>
<td>73,118.48</td>
<td>99.90%</td>
</tr>
<tr>
<td>Total</td>
<td>55,446,341</td>
<td>55,556,081.93</td>
<td>55,733,186.04</td>
<td>0.45</td>
<td>73,118.48</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Please advise a member of the Contact Team promptly if a revision has been made to your investment policy subsequent to the date shown or in the event of a material change in your current investment policy. Your investment policy can be viewed online at clients.us.rbcgam.com. Please contact any of the team members listed above with any questions or comments you may have concerning your investment policy or access to our secure client website.
## Performance Detail

### Pima County Community College District - 1-3 Year

<table>
<thead>
<tr>
<th></th>
<th>YTD 4/30/15</th>
<th>Second Qtr 15</th>
<th>First Qtr 15</th>
<th>Fourth Qtr 14</th>
<th>Third Qtr 14</th>
<th>April</th>
<th>Monthly</th>
<th>February</th>
<th>14</th>
<th>13</th>
<th>12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Portfolio (Gross of Fees)</td>
<td>0.64</td>
<td>0.05</td>
<td>0.59</td>
<td>0.32</td>
<td>0.00</td>
<td>0.05</td>
<td>0.27</td>
<td>-0.20</td>
<td>0.90</td>
<td>0.43</td>
<td>0.39</td>
</tr>
<tr>
<td>Total Portfolio (Net of Fees)</td>
<td>0.62</td>
<td>0.04</td>
<td>0.57</td>
<td>0.30</td>
<td>-0.01</td>
<td>0.04</td>
<td>0.27</td>
<td>-0.20</td>
<td>0.83</td>
<td>0.36</td>
<td>0.35</td>
</tr>
<tr>
<td>BofAML 1-3 Yr Govt</td>
<td>0.57</td>
<td>0.05</td>
<td>0.52</td>
<td>0.18</td>
<td>0.04</td>
<td>0.05</td>
<td>0.23</td>
<td>-0.21</td>
<td>0.63</td>
<td>0.36</td>
<td>0.33</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>12 Mos.</th>
<th>3 Year</th>
<th>5 Year</th>
<th>10 Year</th>
<th>Since Inc.</th>
<th>Rolling Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Portfolio (Gross of Fees)</td>
<td>0.62</td>
<td>1.17</td>
<td>1.10</td>
<td>0.76</td>
<td>7/1/12</td>
<td></td>
</tr>
<tr>
<td>Total Portfolio (Net of Fees)</td>
<td>0.57</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BofAML 1-3 Yr Govt</td>
<td>0.57</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
### Performance Detail

#### Pima County Community College District - Cash Management

<table>
<thead>
<tr>
<th></th>
<th>YTD 4/30/15</th>
<th>Second Qtr 15</th>
<th>First Qtr 15</th>
<th>Fourth Qtr 14</th>
<th>Third Qtr 14</th>
<th>Monthly</th>
<th>Year End</th>
<th>Annualized Rolling Return (Since Inc.)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Portfolio</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>April</td>
<td>March</td>
<td>February</td>
</tr>
<tr>
<td>(Gross of Fees)</td>
<td>0.09</td>
<td>0.04</td>
<td>0.05</td>
<td>0.03</td>
<td>0.03</td>
<td>0.04</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td><strong>Total Portfolio</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Net of Fees)</td>
<td>0.07</td>
<td>0.03</td>
<td>0.04</td>
<td>0.01</td>
<td>0.02</td>
<td>0.03</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td><strong>BofAML 91 Day T-Bill</strong></td>
<td>0.01</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.01</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>14</th>
<th>13</th>
<th>12</th>
<th>(3 Year)</th>
<th>(5 Year)</th>
<th>(10 Year)</th>
<th>Since Inception</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>April</strong></td>
<td>0.14</td>
<td>0.17</td>
<td>0.16</td>
<td>0.16</td>
<td>0.19</td>
<td>0.19</td>
<td>5/1/12</td>
</tr>
<tr>
<td><strong>March</strong></td>
<td>0.07</td>
<td>0.10</td>
<td>0.11</td>
<td>0.09</td>
<td>0.12</td>
<td>0.12</td>
<td>5/1/12</td>
</tr>
<tr>
<td><strong>February</strong></td>
<td>0.04</td>
<td>0.07</td>
<td>0.10</td>
<td>0.03</td>
<td>0.07</td>
<td>0.07</td>
<td>5/1/12</td>
</tr>
</tbody>
</table>

*Since Inception (10 Year) (5 Year) (3 Year)*
Short Government Portfolio Overview

Pima County Community College District - 1-3 Year

**PERFORMANCE SUMMARY**

<table>
<thead>
<tr>
<th></th>
<th>Total Portfolio Gross of Fees</th>
<th>BofAML 1-3 Yr Govt</th>
</tr>
</thead>
<tbody>
<tr>
<td>QTD</td>
<td>0.05</td>
<td>0.05</td>
</tr>
<tr>
<td>1 Year</td>
<td>1.17</td>
<td>0.92</td>
</tr>
<tr>
<td>3 Years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Since Inception (7/1/2012)</td>
<td>0.83</td>
<td>0.67</td>
</tr>
</tbody>
</table>

**PORTFOLIO CHARACTERISTICS**

<table>
<thead>
<tr>
<th></th>
<th>Portfolio</th>
<th>BofAML 1-3 Yr Govt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duration</td>
<td>1.70</td>
<td>1.76</td>
</tr>
<tr>
<td>Convexity</td>
<td>0.03</td>
<td>0.00</td>
</tr>
<tr>
<td>Market Yield</td>
<td>0.71</td>
<td>0.55</td>
</tr>
<tr>
<td>Average Quality</td>
<td>AAA</td>
<td>AAA</td>
</tr>
<tr>
<td>OAS</td>
<td>20</td>
<td>1</td>
</tr>
<tr>
<td>Spread Duration</td>
<td>1.11</td>
<td>0.17</td>
</tr>
</tbody>
</table>

**MARKET VALUE SUMMARY**

- **Beginning Market Value**: 30,607,009.15
- **Net Cash Flow**: -1,822.33
- **Ending Market Value**: 30,616,865.19

---

**SECTOR SUMMARY**

- **Cash & Equivalents**: 0.1%
- **Corporate**: 0.0%
- **Government Related**: 0.0%
- **Securitized Treasury**: 10.2%
- **Treasury**: 89.7%

**PERFORMANCE SUMMARY**

- **BofAML 1-3 Yr Govt**
  - QTD: 0.05
  - 1 Year: 0.92
  - 3 Years: 0.83
  - 5 Years: 0.67

**SECTOR HISTORY**

- **Treaury**: 0.1%
- **Securitized**: 0.0%
- **Government Related**: 0.0%
- **Cash & Equivalents**: 10.2%

---

RBC Global Asset Management

03/31/2015 to 04/30/2015
Pima County Community College District - Cash Management

PERFORMANCE SUMMARY

<table>
<thead>
<tr>
<th></th>
<th>Total Portfolio</th>
<th>BofAML 91 Day T-Bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross of Fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>QTD</td>
<td>0.04</td>
<td>0.00</td>
</tr>
<tr>
<td>1 Year</td>
<td>0.16</td>
<td>0.03</td>
</tr>
<tr>
<td>3 Years</td>
<td>0.19</td>
<td>0.07</td>
</tr>
<tr>
<td>5 Years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Since Inception (5/1/2012)</td>
<td>0.19</td>
<td>0.07</td>
</tr>
</tbody>
</table>

SECTOR SUMMARY

<table>
<thead>
<tr>
<th></th>
<th>Cash &amp; Equivalents</th>
<th>Government Related</th>
<th>Treasury</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.1</td>
<td>99.9</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

PORTFOLIO CHARACTERISTICS

<table>
<thead>
<tr>
<th></th>
<th>Portfolio</th>
<th>BofAML 91 Day T-Bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duration</td>
<td>0.40</td>
<td>0.12</td>
</tr>
<tr>
<td>Convexity</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Market Yield</td>
<td>0.13</td>
<td>0.00</td>
</tr>
<tr>
<td>Average Quality</td>
<td>AAA</td>
<td>AAA</td>
</tr>
<tr>
<td>OAS</td>
<td>-4</td>
<td></td>
</tr>
<tr>
<td>Spread Duration</td>
<td>0.40</td>
<td>0.00</td>
</tr>
</tbody>
</table>

MARKET VALUE SUMMARY

- Beginning Market Value: 25,116,772.10
- Net Cash Flow: -1,494.26
- Ending Market Value: 25,116,320.85
Pima County Community College District - 1-3 Year

QUALITY DISTRIBUTION

<table>
<thead>
<tr>
<th></th>
<th>% of Portfolio</th>
<th>% of Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>0.07%</td>
<td>0.11%</td>
</tr>
<tr>
<td>AAA</td>
<td>99.93%</td>
<td>99.89%</td>
</tr>
</tbody>
</table>

Split-rated bonds reflect the average rating of Moody's, S&P and Fitch.
U.S. Government bonds now reflect ratings assigned by Moody's, S&P and Fitch.

DURATION DISTRIBUTION

<table>
<thead>
<tr>
<th></th>
<th>% of Portfolio</th>
<th>% of Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less Than 1 Year</td>
<td>29.50%</td>
<td>9.07%</td>
</tr>
<tr>
<td>1-3 Years</td>
<td>56.49%</td>
<td>90.93%</td>
</tr>
<tr>
<td>3-5 Years</td>
<td>14.00%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>
Pima County Community College District - Cash Management

QUALITY DISTRIBUTION

<table>
<thead>
<tr>
<th></th>
<th>% of Portfolio</th>
<th>% of Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>0.15%</td>
<td>0.00%</td>
</tr>
<tr>
<td>AAA</td>
<td>99.85%</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Split-rated bonds reflect the average rating of Moody’s, S&P and Fitch.
U.S. Government bonds now reflect ratings assigned by Moody’s, S&P and Fitch.

DURATION DISTRIBUTION

<table>
<thead>
<tr>
<th></th>
<th>% of Portfolio</th>
<th>% of Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less Than 1 Year</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
</tbody>
</table>
## Fixed Income Holdings

### Pima County Community College District - 1-3 Year

<table>
<thead>
<tr>
<th>Moody's/S&amp;P Fitch</th>
<th>Trade Date</th>
<th>Asset ID</th>
<th>Quantity (Par)</th>
<th>Security Description</th>
<th>Cpn</th>
<th>Maturity Date</th>
<th>Amortized Cost</th>
<th>Market Value</th>
<th>Amortized Unrealized Gain/Loss</th>
<th>Accrued Income</th>
<th>Avg Life</th>
<th>Dur</th>
<th>Mkt Yld</th>
<th>Pct Assets</th>
<th>Pct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Equivalents</td>
<td></td>
<td>CASHUSD</td>
<td>20,099 US DOLLARS</td>
<td>20,099.42</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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<td></td>
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<td></td>
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<tr>
<td>Subtotal</td>
<td></td>
<td>20,099.42</td>
<td>20,099.42</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.07%</td>
<td></td>
<td></td>
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</table>

### Government Related

<table>
<thead>
<tr>
<th>Moody's/S&amp;P Fitch</th>
<th>Trade Date</th>
<th>Asset ID</th>
<th>Quantity (Par)</th>
<th>Security Description</th>
<th>Cpn</th>
<th>Maturity Date</th>
<th>Amortized Cost</th>
<th>Market Value</th>
<th>Amortized Unrealized Gain/Loss</th>
<th>Accrued Income</th>
<th>Avg Life</th>
<th>Dur</th>
<th>Mkt Yld</th>
<th>Pct Assets</th>
<th>Pct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aaa/AA+ AAA</td>
<td>04/27/15</td>
<td>31338HY8</td>
<td>235,000 Federal Home Loan Bank Discount Notes</td>
<td>0.00</td>
<td>07/10/15</td>
<td>234,958.88</td>
<td>234,972.51</td>
<td>13.63</td>
<td>0.00</td>
<td>0.19</td>
<td>0.19</td>
<td>0.06</td>
<td>0.77%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aaa/AA+ AAA</td>
<td>08/15/12</td>
<td>3135C0NV1</td>
<td>900,000 Federal National Mortgage Association</td>
<td>0.50</td>
<td>09/28/15</td>
<td>899,897.91</td>
<td>901,472.40</td>
<td>1,574.49</td>
<td>412.50</td>
<td>0.41</td>
<td>0.41</td>
<td>0.14</td>
<td>2.94%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aaa/AA+ AAA</td>
<td>01/23/14</td>
<td>3130A0SD3</td>
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* Variable Rate Coupon
## Fixed Income Holdings

**Pima County Community College**

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* Variable Rate Coupon
### Fixed Income Holdings

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<th>Amortized Unrealized Gain/Loss</th>
<th>Accrued Income</th>
<th>Avg Life</th>
<th>Dur</th>
<th>Mkt Yield</th>
<th>Pct Assets</th>
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* Variable Rate Coupon
## Fixed Income Holdings

**Pima County Community College**

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<th>Quantity (Par)</th>
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<th>Accrued Income</th>
<th>Avg Life</th>
<th>Dur</th>
<th>Mkt Yield</th>
<th>Pct Assets</th>
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<td>574,989.31</td>
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<td>1.53</td>
<td>0.47</td>
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* Variable Rate Coupon

---

**RBC Global Asset Management**

**12**

**03/31/2015 to 04/30/2015**

**43**
## Fixed Income Holdings

<table>
<thead>
<tr>
<th>Security Description</th>
<th>Moody's/S&amp;P Fitch</th>
<th>Trade Date</th>
<th>Asset ID</th>
<th>Quantity (Par)</th>
<th>Maturity Date</th>
<th>Amortized Cost</th>
<th>Market Value</th>
<th>Amortized Unrealized Gain/Loss</th>
<th>Accrued Income</th>
<th>Avg Life</th>
<th>Dur</th>
<th>Mkt Yield</th>
<th>Pct Assets</th>
</tr>
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<tbody>
<tr>
<td>Treasury</td>
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<td>1.64%</td>
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<td>03/31/17</td>
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<td>1.89</td>
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<td>05/15/17</td>
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<td>2.02</td>
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<td>2.07</td>
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<td>0.98%</td>
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<td>02/15/18</td>
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<td>03/31/18</td>
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<td>0.81%</td>
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<td>700,765.80</td>
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<td><strong>Subtotal</strong></td>
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## Pima County Community College District - Cash Management

<table>
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<tr>
<th>Security Description</th>
<th>Moody's/S&amp;P Fitch</th>
<th>Trade Date</th>
<th>Asset ID</th>
<th>Quantity (Par)</th>
<th>Maturity Date</th>
<th>Amortized Cost</th>
<th>Market Value</th>
<th>Amortized Unrealized Gain/Loss</th>
<th>Accrued Income</th>
<th>Avg Life</th>
<th>Dur</th>
<th>Mkt Yield</th>
<th>Pct Assets</th>
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</thead>
<tbody>
<tr>
<td>Cash &amp; Equivalents</td>
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<td>CASHUSD</td>
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<td>0.00</td>
<td>0.00</td>
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<td>0.15%</td>
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* Variable Rate Coupon
<table>
<thead>
<tr>
<th>Trade Date</th>
<th>Asset ID</th>
<th>Security Description</th>
<th>Quantity (Par)</th>
<th>Maturity Date</th>
<th>Amortized Cost</th>
<th>Market Value</th>
<th>Amortized Unrealized Gain/Loss</th>
<th>Accrued Income</th>
<th>Avg Life</th>
<th>Dur</th>
<th>Mkt Yield</th>
<th>Pct Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/03/14</td>
<td>313588FA8</td>
<td>100,000 Fannie Mae Discount Notes</td>
<td>100,000.00</td>
<td>05/01/15</td>
<td>100,000.00</td>
<td>100,000.00</td>
<td>0.00</td>
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<td>0.00</td>
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<td>0.15%</td>
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<tr>
<td>12/05/14</td>
<td>313396FD0</td>
<td>375,000 Freddie Mac Discount Notes</td>
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<td>05/04/15</td>
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<td>374,998.88</td>
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<td>3135G0KM4</td>
<td>250,000 Federal National Mortgage Association</td>
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<td>10/15/14</td>
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<td>950,000 Federal Home Loan Bank Discount Notes</td>
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<td>1,000,000 Federal Home Loan Banks</td>
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<td>999,943.12</td>
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<td>0.19</td>
<td>3.98%</td>
</tr>
<tr>
<td>03/13/15</td>
<td>313384HW2</td>
<td>1,000,000 Federal Home Loan Bank Discount Notes</td>
<td>0.00</td>
<td>07/08/15</td>
<td>999,773.33</td>
<td>999,887.00</td>
<td>113.67</td>
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<tr>
<td>07/11/15</td>
<td>3133EDQ70</td>
<td>1,000,000 Federal Farm Credit Banks</td>
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<td>999,957.46</td>
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<td>775,000 Federal Home Loan Mortgage Corp</td>
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<td>781,914.88</td>
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<td>0.22</td>
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<td>1.59%</td>
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* Variable Rate Coupon
<table>
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<th>Trade Date</th>
<th>Asset ID</th>
<th>Quantity (Par)</th>
<th>Security Description</th>
<th>Cpn</th>
<th>Maturity Date</th>
<th>Amortized Cost</th>
<th>Market Value</th>
<th>Amortized Unrealized Gain/Loss</th>
<th>Accrued Income</th>
<th>Avg Life</th>
<th>Dur</th>
<th>Mkt Yield</th>
<th>Pct Assets</th>
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<tbody>
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<td>800,000</td>
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<td>100,000</td>
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<td>08/26/15</td>
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<td>99,978.90</td>
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<td>699,849.50</td>
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<td>1,150,000</td>
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<td>11/13/14</td>
<td>313384LM9</td>
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<td>09/09/15</td>
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<tr>
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<td>Federal National Mortgage Association</td>
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<td>09/09/15</td>
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<td>0.36</td>
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<tr>
<td>Aaa/AA+ AAA</td>
<td>01/26/15</td>
<td>3137EACM9</td>
<td>1,208,000</td>
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<td>09/10/15</td>
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<td>0.36</td>
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<td>4.84%</td>
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<tr>
<td>Aaa/AA+ AAA</td>
<td>01/06/15</td>
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<td>Federal National Mortgage Association</td>
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<td>09/28/15</td>
<td>458,509.76</td>
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<td>209.91</td>
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<td>0.14</td>
<td>1.83%</td>
</tr>
<tr>
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* Variable Rate Coupon
## Fixed Income Holdings

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<th>Market Value</th>
<th>Amortized Unrealized Gain/Loss</th>
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<th>Avg Life</th>
<th>Dur</th>
<th>Mkt Yield</th>
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**Subtotal**

| 25,017,372.14 | 25,078,872.15 | 7,500.01 | 24,901.70 | 0.40 | 0.40 | 0.13 | 99.85% |

**Total for Pima County Community College District - Cash Management**

| 25,108,820.84 | 25,116,320.85 | 7,500.01 | 24,901.70 | 0.40 | 0.40 | 0.13 | 100.00% |

**Fixed Income Total**

| 55,556,081.93 | 55,733,186.04 | 177,104.11 | 73,118.48 | 1.17 | 1.11 | 0.45 | 100.00% |

*Variable Rate Coupon*
## Pima County Community College District - 1-3 Year

### FIXED INCOME TRANSACTIONS

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<tr>
<th>Trade Date</th>
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<th>Tran Type</th>
<th>Quantity (Par)</th>
<th>Asset ID</th>
<th>Security Description</th>
<th>Coupon</th>
<th>Maturity</th>
<th>Tran Price</th>
<th>Principal Amount</th>
<th>Net Amount</th>
<th>Trade Yield</th>
<th>Realized Gain/Loss</th>
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**Subtotal**

303.56

## Pima County Community College District - Cash Management

### FIXED INCOME TRANSACTIONS

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<th>Net Amount</th>
<th>Trade Yield</th>
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### Pima County Community College District - Cash Management
#### FIXED INCOME TRANSACTIONS

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</tbody>
</table>

Subtotal 0.00

Total 303.56
<table>
<thead>
<tr>
<th>Security Description</th>
<th>Current Rating</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pima County Community College District - 1-3 Year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There are no rating changes for this report period.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Pima County Community College District - Cash Management</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There are no rating changes for this report period.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Pima County Community College District - 1-3 Year

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Cash Balance</td>
<td>2,502.95</td>
</tr>
<tr>
<td>Buy</td>
<td>-764,129.63</td>
</tr>
<tr>
<td>Coupon</td>
<td>28,252.59</td>
</tr>
<tr>
<td>Income</td>
<td>203.87</td>
</tr>
<tr>
<td>Maturity</td>
<td>146,627.60</td>
</tr>
<tr>
<td>Paydown</td>
<td>238,262.23</td>
</tr>
<tr>
<td>Sell</td>
<td>370,202.14</td>
</tr>
<tr>
<td>Withdrawal</td>
<td>-1,822.33</td>
</tr>
<tr>
<td><strong>Ending Cash Balance</strong></td>
<td><strong>20,099.42</strong></td>
</tr>
</tbody>
</table>

## Pima County Community College District - Cash Management

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Cash Balance</td>
<td>17,366.30</td>
</tr>
<tr>
<td>Buy</td>
<td>-3,029,610.84</td>
</tr>
<tr>
<td>Coupon</td>
<td>1,187.50</td>
</tr>
<tr>
<td>Maturity</td>
<td>3,050,000.00</td>
</tr>
<tr>
<td>Withdrawal</td>
<td>-1,494.26</td>
</tr>
<tr>
<td><strong>Ending Cash Balance</strong></td>
<td><strong>37,448.70</strong></td>
</tr>
</tbody>
</table>
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GASB 68 and its potential effects on Pima College’s financial statements

GASB 68 – Pension Reporting by Employers

Key Information in the Financial Statements

- Liabilities to the pension plan (payables)
- Liabilities to employees for pensions
  - Net pension liability (NPL) = total pension liability (TPL), net of pension plan’s fiduciary net position
  - Cost-sharing employers recognize proportionate shares of collective NPL
- Changes in NPL
  - Recognized as expense immediately: service cost, interest on the TPL, changes in benefit terms, projected investment earnings
  - Recognized as expense over time (deferred inflows/outflows): changes in assumptions, difference between assumed and actual demographic and economic factors, and difference between projected and actual investment earnings
Net Pension Liability (NPL) by plan June 30, 2014

- ASRS $14.80 Billion
- PSPRS $ 6.30 Billion (GASB 67/68 amount not available)
- CORP $ 1.14 Billion (GASB 67/68 amount not available)
- EORP $ 0.67 Billion
- COPERS $ 1.39 Billion
- TSRS $ 0.31 Billion

Total Arizona NPL: $24.6 Billion

Cost Sharing (Within ASRS, PCC is mixed in an inseparable way with hundreds of other AZ governments)

- Determining employer’s proportionate share of the collective net pension liability
  - Basis for proportion consistent with the manner in which contributions are determined
    - Payroll or other method
  - To the extent that different contribution rates are assessed based on separate relationships, the determination of the employer’s proportionate share should be made in a manner that reflects those separate relationships
    - Not necessarily one size fits all
Pima College’s Portion (in thousands)

<table>
<thead>
<tr>
<th>Amount</th>
<th>Description</th>
<th>2014 ASRS Net Pension Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>14,800,000</td>
<td></td>
<td>The ASRS pension liability exceeds</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ASRS assets by this amount</td>
</tr>
<tr>
<td>7,847</td>
<td>2014 PCC employer contributions</td>
<td></td>
</tr>
<tr>
<td>965,969</td>
<td>2014 Total employer contributions</td>
<td></td>
</tr>
<tr>
<td>0.8123%</td>
<td>PCC’s portion of the liability</td>
<td></td>
</tr>
<tr>
<td>$120,227</td>
<td>PCC’s ASRS Pension Liability Estimate</td>
<td></td>
</tr>
</tbody>
</table>

PCC 2014 Financial Position (if GASB 68 had been in effect)

Statement of Net Position

<table>
<thead>
<tr>
<th>Statement of Net Position</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
</tr>
<tr>
<td>current</td>
<td>78,568,212</td>
</tr>
<tr>
<td>noncurrent, noncapital</td>
<td>1,766,661</td>
</tr>
<tr>
<td>capital</td>
<td>116,017,978</td>
</tr>
<tr>
<td>other/noncurrent</td>
<td>30,905,448</td>
</tr>
<tr>
<td>Total Assets</td>
<td>227,258,299</td>
</tr>
<tr>
<td>LIABILITIES</td>
<td></td>
</tr>
<tr>
<td>other</td>
<td>12,182,997</td>
</tr>
<tr>
<td>long-term</td>
<td>7,848,363</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>20,031,360</td>
</tr>
<tr>
<td>NET POSITION</td>
<td></td>
</tr>
<tr>
<td>invested in capital assets</td>
<td>116,017,978</td>
</tr>
<tr>
<td>restricted</td>
<td>10,665,356</td>
</tr>
<tr>
<td>unrestricted</td>
<td>80,543,605</td>
</tr>
<tr>
<td>Total Net Position</td>
<td>207,226,939</td>
</tr>
</tbody>
</table>

Additional $120 million Liability

Additional $120 million Liability

<table>
<thead>
<tr>
<th>Statement of Net Position</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
</tr>
<tr>
<td>current</td>
<td>78,568,212</td>
</tr>
<tr>
<td>noncurrent, noncapital</td>
<td>1,766,661</td>
</tr>
<tr>
<td>capital</td>
<td>116,017,978</td>
</tr>
<tr>
<td>other/noncurrent</td>
<td>30,905,448</td>
</tr>
<tr>
<td>Total Assets</td>
<td>227,258,299</td>
</tr>
<tr>
<td>LIABILITIES</td>
<td></td>
</tr>
<tr>
<td>other</td>
<td>12,182,997</td>
</tr>
<tr>
<td>long-term</td>
<td>127,848,363</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>140,031,360</td>
</tr>
<tr>
<td>NET POSITION</td>
<td></td>
</tr>
<tr>
<td>invested in capital assets</td>
<td>116,017,978</td>
</tr>
<tr>
<td>restricted</td>
<td>10,665,356</td>
</tr>
<tr>
<td>unrestricted</td>
<td>87,226,939</td>
</tr>
</tbody>
</table>

Additional $120 million Liability
Timing of Measurement

- June 30, 2015 fiscal year end
  - Valuation no earlier than December 31, 2012
    - Statement was approved June 2012
  - Measurement no earlier than June 30, 2014
    - Can be achieved by roll-forward of valuation
    - Measurement needed for restatement—no earlier than June 30, 2013
- During transition
  - Statement 27 and Statement 67 data coexisted
  - Select measurement date now and forever hold your peace?

Estimated 2015 Pension Liability

$120 million

Because the 6/30/2015 liability will be measured at 6/30/2014 – PCC’s 2015 financial position may look similar to the 2014 scenario previously discussed

### Statement of Net Position

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>Using 2014 to estimate 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>current</td>
<td>80,000,000</td>
<td></td>
</tr>
<tr>
<td>noncurrent, noncapital</td>
<td>2,000,000</td>
<td></td>
</tr>
<tr>
<td>capital</td>
<td>120,000,000</td>
<td></td>
</tr>
<tr>
<td>other noncurrent</td>
<td>30,000,000</td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td>232,000,000</td>
<td></td>
</tr>
<tr>
<td>LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>other</td>
<td>12,000,000</td>
<td></td>
</tr>
<tr>
<td>long-term</td>
<td>130,000,000</td>
<td></td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>142,000,000</td>
<td></td>
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<tr>
<td>NET POSITION</td>
<td></td>
<td></td>
</tr>
<tr>
<td>invested in capital assets</td>
<td>120,000,000</td>
<td></td>
</tr>
<tr>
<td>restricted</td>
<td>10,000,000</td>
<td></td>
</tr>
<tr>
<td>unrestricted</td>
<td>(40,000,000)</td>
<td></td>
</tr>
<tr>
<td>Total Net Position</td>
<td>90,000,000</td>
<td></td>
</tr>
</tbody>
</table>
GASB 68 Effect on Financial Activity Reporting

Changes in Net Position

| OPERATING REVENUES | tuition and fees | $30,092,480 |
| contracts | $2,565,513 |
| other operating | $2,813,259 |
| Total Operating | $35,471,252 |

| OPERATING EXPENSES | $200,585,784 |
| OPERATING LOSS | $(165,114,532) |

| NONOPERATING | property taxes | $97,523,572 |
| state appropriations | $7,136,600 |
| government grants | $49,095,718 |
| other | $3,304,215 |
| Total Nonoperating | $157,060,105 |

INCREASE $(8,054,427)

BEGINNING NET ASSETS $87,226,939
ENDING NET ASSETS $79,172,512

Expenses Change

- Contributions=Pension Cost
  - No expense change
- Contributions>Pension Cost
  - Reduced expenses
- Contributions<Pension Cost
  - Increased expenses

Other Statement Changes

Some Net Pension Liability changes don’t get expensed immediately

Deferred Outflows

Deferred Inflows

Statement of Net Position current year

| ASSETS | current | $78,568,212 |
| noncurrent, noncapital | $1,766,661 |
| capital | $116,017,978 |
| other noncurrent | $30,905,448 |
| Total Assets | $227,259,299 |

| LIABILITIES | other | $12,182,997 |
| long-term | $127,848,363 |
| Total Liabilities | $140,031,360 |

| NET POSITION | invested in capital assets | $116,017,978 |
| restricted | $10,665,356 |
| unrestricted | $(39,456,395) |
| Total Net Position | $87,226,939 |
Plan Provided Information for Cost-Sharing Plans

• Schedule of employer allocations
• Schedule of pension amounts by employer
• Audit report on schedules by plan’s external auditors

EXAMPLE COST SHARING PENSION PLAN
Schedule of Employer Allocations
6/30/20X5

<table>
<thead>
<tr>
<th>Employer</th>
<th>20X5 Actual Employer Contributions</th>
<th>Employer Allocation Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer 1</td>
<td>$2,143,842</td>
<td>30.37%</td>
</tr>
<tr>
<td>Employer 2</td>
<td>268,425</td>
<td>4.55%</td>
</tr>
<tr>
<td>Employer 3</td>
<td>322,142</td>
<td>5.46%</td>
</tr>
<tr>
<td>Employer 4</td>
<td>483,250</td>
<td>8.09%</td>
</tr>
<tr>
<td>Employer 5</td>
<td>633,125</td>
<td>10.74%</td>
</tr>
<tr>
<td>Employer 6</td>
<td>144,288</td>
<td>2.41%</td>
</tr>
<tr>
<td>Employer 7</td>
<td>95,365</td>
<td>1.68%</td>
</tr>
<tr>
<td>Employer 8</td>
<td>94,238</td>
<td>1.59%</td>
</tr>
<tr>
<td>Employer 9</td>
<td>765,305</td>
<td>13.49%</td>
</tr>
<tr>
<td>Employer 10</td>
<td>267,465</td>
<td>4.53%</td>
</tr>
<tr>
<td>Employer 11</td>
<td>603,527</td>
<td>10.67%</td>
</tr>
<tr>
<td>Employer 12</td>
<td>165,886</td>
<td>2.81%</td>
</tr>
<tr>
<td>Employer 13</td>
<td>68,454</td>
<td>1.16%</td>
</tr>
<tr>
<td>Employer 14</td>
<td>82,240</td>
<td>1.40%</td>
</tr>
<tr>
<td>Employer 15</td>
<td>2,144</td>
<td>0.03%</td>
</tr>
</tbody>
</table>

Total | $5,893,764 | 100.00% |

SOURCE: AICPA SLGEP Pension Whitepaper Series, Governmental Employer Participation in Cost-Sharing Multiple-Employer Plans: Issues Related to Information for Employer Reporting
Key Note Disclosures—All Employers

- Discount rate information, including:
  - Long-term expected rate of return and how it was determined
  - Assumed asset allocation of the pension plan’s portfolio and the long-term expected real rate of return for each major asset class
  - NPL measured at a discount rate 1 percentage point higher and 1 percentage point lower:

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Discount Rate</th>
<th>1% Decrease</th>
<th>1% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>(6.75%)</td>
<td>(7.75%)</td>
<td>(8.75%)</td>
<td></td>
</tr>
</tbody>
</table>

County's net pension liability $826,928 $751,753 $661,543
### New RSI: NPL Components and Ratios

<table>
<thead>
<tr>
<th></th>
<th>20X9</th>
<th>20X8</th>
<th>20X7</th>
<th>20X6</th>
<th>20X5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total pension liability</td>
<td>$3,182,228</td>
<td>$3,045,893</td>
<td>$2,888,832</td>
<td>$2,643,090</td>
<td>$2,443,871</td>
</tr>
<tr>
<td>Plan net position</td>
<td>(2,512,987)</td>
<td>(2,283,333)</td>
<td>(2,167,168)</td>
<td>(2,152,639)</td>
<td>(1,971,007)</td>
</tr>
<tr>
<td>Net pension liability</td>
<td>$669,241</td>
<td>$762,560</td>
<td>$721,664</td>
<td>$490,452</td>
<td>$472,864</td>
</tr>
<tr>
<td>Ratio of plan net position to total pension liability</td>
<td>78.97%</td>
<td>74.96%</td>
<td>75.02%</td>
<td>81.44%</td>
<td>80.65%</td>
</tr>
<tr>
<td>Covered-employee payroll</td>
<td>$435,373</td>
<td>$432,256</td>
<td>$426,939</td>
<td>$412,280</td>
<td>$387,055</td>
</tr>
<tr>
<td>Net pension liability as a percentage of covered-employee payroll</td>
<td>153.72%</td>
<td>176.41%</td>
<td>169.03%</td>
<td>118.96%</td>
<td>122.17%</td>
</tr>
</tbody>
</table>

Note: Only 5 years are presented here; 10 years of information will be required.

---

### New RSI: Contributions

<table>
<thead>
<tr>
<th></th>
<th>20X9</th>
<th>20X8</th>
<th>20X7</th>
<th>20X6</th>
<th>20X5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarially calculated employer contribution</td>
<td>$109,544</td>
<td>$107,028</td>
<td>$105,755</td>
<td>$103,089</td>
<td>$89,054</td>
</tr>
<tr>
<td>Actual employer contributions</td>
<td>(109,544)</td>
<td>(107,028)</td>
<td>(105,755)</td>
<td>(103,089)</td>
<td>(89,054)</td>
</tr>
<tr>
<td>Annual contribution deficiency (excess)</td>
<td>$ - $ - $ - $ - $ -</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Covered-employee payroll</td>
<td>$435,373</td>
<td>$432,256</td>
<td>$426,939</td>
<td>$412,280</td>
<td>$387,055</td>
</tr>
<tr>
<td>Actual contributions as a percentage of covered-employee payroll</td>
<td>25.16%</td>
<td>24.76%</td>
<td>24.77%</td>
<td>25.00%</td>
<td>23.01%</td>
</tr>
</tbody>
</table>

Note: Only 5 years are presented here; 10 years of information would be required.
Auditor General Provided Information
All plan types

- DRAFT reporting guideline (notes and RSI)
- Counties
- Community college districts
- School districts
- Sample journal entries (cost-sharing plan)
- Available at www.azauditor.gov
GASB Plain-Language Materials

- The GASB is committed to communicating in plain language with constituents about its standards and standards-setting activities.
- Plain-language articles accompany major proposals and final pronouncements
- Fact Sheets are prepared for complex projects to answer commonly raised questions
  - Series of 8 fact sheets on Statements 67 and 68 on pensions
- Pension Communication Resource Group
  - 14 white papers on messaging
May 6, 2015

Nathanael Tarwasokono
Scott Stewart
Finance and Audit Committee
Pima Community College

Dear Nathanael and Scott,

Please consider this my official notice of interest in the Pima Community College Board of Governor’s Finance and Audit Committee position. I have the time and energy to expand my current civic commitment.

Fifty years in the financial services industry equips me with extensive experience in risk and financial management. While my auditing experience is from the perspective of a board member, I believe that my skills will speak for themselves.

My roots in Tucson go back to 1961; I have been deeply involved in our community for many years. My civic resume along with my work history is attached.

There are numerous things I can say about myself and my abilities, but I believe the best way to know me is to interview me. I look forward to that opportunity.

Sincerely,

Ronald W Oxman

*Securities and advisory services offered through Madison Avenue Securities, LLC. (MAS) a registered investment advisor; member FINRA & SIPC. MAS and RWO Financial, Inc. are not affiliated companies.

P.O. Box 86660 • Tucson, Arizona 85754  • 203 N. Grande Avenue • Tucson, Arizona 85745
phone 520.629.9767  • fax 520.629.9070  • cellular 520.977.5444  • e.mail rwoxman@rwofinancial.com
website www.rwofinancial.com

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Ronald W. Oxman

203 N. Grande Avenue
Tucson, AZ 85745

Phone: 520-629-9767
Cell Phone: 520-977-5444
E-mail: rwoxman@rwofinancial.com

Work History

1965 to 1967  Occidental Life of California
Life Insurance

1967 to 1970  N. Lawrence & Associates
Life & Commercial Casualty Insurance

Life Insurance

1974 to 1980  Pacific Mutual (Pacific Life Insurance Company)
Regional Manager
Life Insurance and Investment Products

1980 to Present  RWO Financial, Inc.
Owner/President
Registered Representative (FINRA, SEC)
Full Service Financial Firm

Education

1961 to 1965  University of Arizona

Civic Involvement

Alcoholism Council of Tucson  Board Member and Board President
Rotary Club of Tucson  Member since 1985
Southern Arizona Life Underwriters Association  Board Member
Compass Healthcare  Board Member
Compass Healthcare Foundation  Board Member and Board President
Handmaker Services for the Elderly  Board Member
Southern Arizona Children's Advocacy Center  Board Member and Board President

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Recommendation:

Attached are the financial statements showing preliminary 2014/15 results through March 2015. Time will be provided to discuss College fiscal matters.

Justification:

Summary of Revenues & Expenditures – General & Designated Funds – Actuals vs. Budget:

The preliminary results indicate that Pima Community College concluded March with total year to date revenues in General and Designated funds lower than the previous fiscal year by about $739,000. Not unexpectedly, lower tuition and fees revenue was partially offset by higher property tax revenue. Overall, year to date actual revenues are lower than the adjusted budget revenue level as shown in the accompanying chart.

Compared with the same time period in fiscal year 2014, actual expenditures have decreased by about $4.8 million. When compared to the same time period of the previous fiscal year, both personal services and services and supplies expenditures have together increased by about $1.9 million. However, other expenditures have decreased by about $6.8 million mainly due to a decrease in expenses for Operation and Maintenance of Plant. This decrease is due to the costs incurred in fiscal year 2014 for the new Northwest Campus building. Overall, year to date actual expenditures are lower than the adjusted budget expenditure level as shown in the accompanying chart.

The March preliminary results indicate that total year-to-date revenue has exceeded total year-to-date expenditures by almost $1.0 million. During the same year-to-date time period of the previous fiscal year, expenditures exceed revenues by about $3.1 million, an improvement of about $4.1 million.

Statement of Revenues, Expenses and Changes in Net Position:

The preliminary results indicate that the College concluded March with a year-to-date decrease in net position through month end of approximately $5.9 million. This is a further decline from the previous year’s decrease of $3.9 million. The $2 million decrease in net position compared
to the same time period of the previous fiscal year is due primarily to the decrease in tuition and fees revenue.

Summary of Expenditures – General and Designated Funds:

In terms of budget to actual performance, General and Designated Fund expenditures are in line with budget. Personal Services expenditures are 75.3 percent of budget, which is slightly higher than the previous year. In absolute terms, year to date Personal Services expenditures were $90.6 million, which is higher than the same period of fiscal year 2014.

Services and Supplies expenditures are approximately 61.5 percent of the budget, which is slightly higher than the previous year. In absolute terms, Services and Supplies expenditures were $20.1 million, which is slightly higher than the amount from the same period of fiscal year 2014. Transfers are lower than the previous year due to a reduction in the transfers needed for capital projects.

Statement of Net Position:

As shown in The Statement of Net Position, the total net position at the end of March was $201.3 million, which is a decrease of about $10 million compared to the same time last year. This represents a decrease in assets of $10 million to pay costs related to the new Northwest Campus building.

Approvals

Contact Person__________________________
David Bea, Ph.D.

Chancellor_____________________________
Lee D. Lambert, J.D.
### Summary of Revenues & Expenditures - General & Designated Funds - Actuals vs. Budget

#### Year to Date For the Nine Months Ending March 31, 2015

**(Preliminary)**

<table>
<thead>
<tr>
<th></th>
<th>FY 2014/15</th>
<th></th>
<th>FY 2013/14</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Adjusted</td>
<td>Year to Date</td>
<td></td>
<td>Year to Date</td>
</tr>
<tr>
<td></td>
<td>Annual Budget</td>
<td>Actuals</td>
<td>%</td>
<td>Actuals</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition and Fees</td>
<td>$52,975,370</td>
<td>$42,339,519</td>
<td>79.9%</td>
<td>$44,369,974</td>
</tr>
<tr>
<td>State Appropriations</td>
<td>6,493,000</td>
<td>5,320,125</td>
<td>81.9%</td>
<td>5,352,450</td>
</tr>
<tr>
<td>Property Taxes</td>
<td>100,327,000</td>
<td>65,488,412</td>
<td>65.3%</td>
<td>64,059,629</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>3,676,124</td>
<td>2,724,051</td>
<td>74.1%</td>
<td>2,829,487</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>$163,471,494</strong></td>
<td><strong>$115,872,107</strong></td>
<td><strong>70.9%</strong></td>
<td><strong>$116,611,540</strong></td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Services</td>
<td>120,257,186</td>
<td>90,596,822</td>
<td>75.3%</td>
<td>89,306,919</td>
</tr>
<tr>
<td>Services and Supplies</td>
<td>32,700,640</td>
<td>20,109,754</td>
<td>61.5%</td>
<td>19,462,370</td>
</tr>
<tr>
<td>Other Expenditures</td>
<td>4,935,999</td>
<td>4,215,798</td>
<td>85.4%</td>
<td>10,972,775</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>$157,893,825</strong></td>
<td><strong>$114,922,374</strong></td>
<td><strong>72.8%</strong></td>
<td><strong>$119,742,064</strong></td>
</tr>
</tbody>
</table>

---

#### General & Designated Funds YTD Revenues vs. Budget

#### General & Designated Funds YTD Expenditures vs. Budget

*Adjusted Budget Revenue Excludes Fund Balance

* Adjusted Budget Expenditures Excludes Contingency & Reserves
### Statement of Revenues, Expenses and Changes in Net Position

Year To Date For Nine Months Ending March 31, 2015

(Preliminary)

<table>
<thead>
<tr>
<th>FY 2014/15</th>
<th>FY 2013/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>General &amp; Designated Funds</td>
<td>Auxiliary &amp; Restricted Funds</td>
</tr>
<tr>
<td><strong>Operating Revenues</strong></td>
<td></td>
</tr>
<tr>
<td>Tuition and Fees</td>
<td>$42,339,519</td>
</tr>
<tr>
<td>Contracts</td>
<td>2,007,721</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>848,182</td>
</tr>
<tr>
<td>Commission and Rents</td>
<td>25,000</td>
</tr>
<tr>
<td>Other Operating Revenues</td>
<td>363,981</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>$44,736,221</td>
</tr>
<tr>
<td><strong>Nonoperating Revenues</strong></td>
<td></td>
</tr>
<tr>
<td>State Appropriations</td>
<td>5,320,125</td>
</tr>
<tr>
<td>Property Taxes</td>
<td>65,488,412</td>
</tr>
<tr>
<td>Federal Grants</td>
<td>9,458</td>
</tr>
<tr>
<td>State and Local Grants</td>
<td>1,049,690</td>
</tr>
<tr>
<td>State Shared Sales Taxes</td>
<td>1,571,157</td>
</tr>
<tr>
<td>Gifts</td>
<td>37,210</td>
</tr>
<tr>
<td>Investment Income</td>
<td>317,891</td>
</tr>
<tr>
<td><strong>Net Nonoperating Revenues</strong></td>
<td>$71,135,886</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$115,872,107</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
</tr>
<tr>
<td>Educational and General Instruction</td>
<td>39,649,012</td>
</tr>
<tr>
<td>Academic Support</td>
<td>16,396,559</td>
</tr>
<tr>
<td>Student Services</td>
<td>17,604,679</td>
</tr>
<tr>
<td>Institutional Support</td>
<td>27,326,716</td>
</tr>
<tr>
<td>Operation and Maintenance of Plant</td>
<td>9,799,263</td>
</tr>
<tr>
<td>Depreciation</td>
<td>5,979,932</td>
</tr>
<tr>
<td>Student Financial Aid</td>
<td>960,145</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>722,256</td>
</tr>
<tr>
<td>Contingency</td>
<td></td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>$111,736,374</td>
</tr>
<tr>
<td><strong>Income Before Other Expenses</strong></td>
<td>$4,135,733</td>
</tr>
<tr>
<td>Transfers</td>
<td>(3,186,000)</td>
</tr>
<tr>
<td>Capital Appropriations</td>
<td></td>
</tr>
<tr>
<td>Capital Gifts and Grants</td>
<td>105,000</td>
</tr>
<tr>
<td><strong>Increase (Decrease) in Net Position</strong></td>
<td>$949,733</td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total Net Position - End of Period</strong></td>
<td>$55,582,948</td>
</tr>
<tr>
<td><strong>Total Net Position - End of Period: Current Year vs. Prior Year</strong></td>
<td></td>
</tr>
</tbody>
</table>
## Summary of Expenditures - General & Designated Funds - Actuals vs. Budget

**Year To Date For Nine Months Ending March 31, 2015**

*(Preliminary)*

### Expenditures by Function

<table>
<thead>
<tr>
<th>Function</th>
<th>Adjusted Annual Budget</th>
<th>Year to Date Actuals</th>
<th>%</th>
<th>Available Budget</th>
<th>Year to Date Actuals</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Educational and General</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td>$57,136,549</td>
<td>$39,649,012</td>
<td>69.4 %</td>
<td>$17,487,537</td>
<td>$40,010,668</td>
<td>68.7 %</td>
</tr>
<tr>
<td>Academic Support</td>
<td>25,425,121</td>
<td>16,396,559</td>
<td>64.5 %</td>
<td>9,028,562</td>
<td>16,164,471</td>
<td>64.8 %</td>
</tr>
<tr>
<td>Student Services</td>
<td>25,909,585</td>
<td>17,604,679</td>
<td>67.9 %</td>
<td>8,304,906</td>
<td>16,610,633</td>
<td>70.7 %</td>
</tr>
<tr>
<td>Institutional Support</td>
<td>35,208,937</td>
<td>27,326,716</td>
<td>77.6 %</td>
<td>7,882,221</td>
<td>26,216,147</td>
<td>72.1 %</td>
</tr>
<tr>
<td>Operation and Maintenance of Plant</td>
<td>13,962,180</td>
<td>9,799,263</td>
<td>70.2 %</td>
<td>4,162,917</td>
<td>9,464,284</td>
<td>70.2 %</td>
</tr>
<tr>
<td>Student Financial Aid</td>
<td>1,124,000</td>
<td>960,145</td>
<td>85.4 %</td>
<td>163,855</td>
<td>1,022,784</td>
<td>89.9 %</td>
</tr>
<tr>
<td><strong>Other Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers</td>
<td>3,195,000</td>
<td>3,186,000</td>
<td>99.7 %</td>
<td>1,000</td>
<td>10,253,077</td>
<td>100.0 %</td>
</tr>
<tr>
<td>Fund balance reserved for contingency</td>
<td>11,470,628</td>
<td>11,470,628</td>
<td></td>
<td></td>
<td>10,253,077</td>
<td>100.0 %</td>
</tr>
<tr>
<td><strong>Total Expenditures by Function</strong></td>
<td>$173,432,000</td>
<td>$114,922,374</td>
<td>66.3 %</td>
<td>$58,509,626</td>
<td>$119,742,064</td>
<td>67.7 %</td>
</tr>
</tbody>
</table>

### Expenditures by Account

<table>
<thead>
<tr>
<th>Account</th>
<th>Adjusted Annual Budget</th>
<th>Year to Date Actuals</th>
<th>%</th>
<th>Available Budget</th>
<th>Year to Date Actuals</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personal Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Personnel</td>
<td>$6,814,053</td>
<td>$4,931,413</td>
<td>72.4 %</td>
<td>$1,882,640</td>
<td>$4,994,117</td>
<td>70.9 %</td>
</tr>
<tr>
<td>Faculty</td>
<td>23,434,305</td>
<td>19,234,350</td>
<td>82.1 %</td>
<td>4,199,955</td>
<td>18,968,616</td>
<td>83.3 %</td>
</tr>
<tr>
<td>Additional Compensation - Faculty</td>
<td>1,256,692</td>
<td>780,464</td>
<td>62.1 %</td>
<td>476,228</td>
<td>684,842</td>
<td>50.8 %</td>
</tr>
<tr>
<td>Adjunct Faculty</td>
<td>11,240,375</td>
<td>9,593,022</td>
<td>85.3 %</td>
<td>1,647,353</td>
<td>9,440,969</td>
<td>84.1 %</td>
</tr>
<tr>
<td>Classified Staff</td>
<td>44,326,509</td>
<td>32,127,604</td>
<td>72.5 %</td>
<td>12,198,905</td>
<td>30,624,955</td>
<td>73.4 %</td>
</tr>
<tr>
<td>Other Compensation</td>
<td>4,530,489</td>
<td>3,079,250</td>
<td>68.0 %</td>
<td>1,451,239</td>
<td>3,299,322</td>
<td>61.4 %</td>
</tr>
<tr>
<td>Student Employment / Workstudy</td>
<td>(61)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>28,654,763</td>
<td>20,850,780</td>
<td>72.8 %</td>
<td>7,803,983</td>
<td>21,294,098</td>
<td>72.8 %</td>
</tr>
<tr>
<td><strong>Total Personal Services</strong></td>
<td>$120,257,186</td>
<td>$90,596,822</td>
<td>75.3 %</td>
<td>$29,660,364</td>
<td>$89,306,919</td>
<td>75.2 %</td>
</tr>
<tr>
<td><strong>Services and Supplies</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communications and Utilities</td>
<td>6,146,538</td>
<td>4,192,611</td>
<td>68.2 %</td>
<td>1,953,927</td>
<td>3,797,379</td>
<td>66.7 %</td>
</tr>
<tr>
<td>Travel</td>
<td>2,771,662</td>
<td>1,163,349</td>
<td>42.0 %</td>
<td>1,608,313</td>
<td>1,239,189</td>
<td>49.9 %</td>
</tr>
<tr>
<td>Contractual Services</td>
<td>13,253,615</td>
<td>9,018,996</td>
<td>68.0 %</td>
<td>4,234,619</td>
<td>8,676,191</td>
<td>64.6 %</td>
</tr>
<tr>
<td>Supplies and Materials</td>
<td>6,858,234</td>
<td>2,841,171</td>
<td>41.4 %</td>
<td>4,017,063</td>
<td>2,859,358</td>
<td>42.1 %</td>
</tr>
<tr>
<td>Student Financial Aid</td>
<td>1,302,064</td>
<td>960,145</td>
<td>73.7 %</td>
<td>341,919</td>
<td>1,022,784</td>
<td>89.9 %</td>
</tr>
<tr>
<td>Current Fixed Charges</td>
<td>2,368,527</td>
<td>1,933,482</td>
<td>81.6 %</td>
<td>435,045</td>
<td>1,867,469</td>
<td>80.9 %</td>
</tr>
<tr>
<td><strong>Total Services and Supplies</strong></td>
<td>$32,700,640</td>
<td>$20,109,754</td>
<td>61.5 %</td>
<td>$12,590,886</td>
<td>$19,462,370</td>
<td>61.1 %</td>
</tr>
<tr>
<td><strong>Capital Equipment</strong></td>
<td>450,097</td>
<td>319,893</td>
<td>71.1 %</td>
<td>130,204</td>
<td>306,307</td>
<td>70.6 %</td>
</tr>
<tr>
<td>Transfers</td>
<td>3,195,000</td>
<td>3,186,000</td>
<td>99.7 %</td>
<td>9,000</td>
<td>10,253,077</td>
<td>100.0 %</td>
</tr>
<tr>
<td>Other Expenditures</td>
<td>1,290,902</td>
<td>602,127</td>
<td>46.6 %</td>
<td>688,775</td>
<td>296,307</td>
<td>24.6 %</td>
</tr>
<tr>
<td>Contingency and Reserves</td>
<td>15,538,175</td>
<td>107,778</td>
<td>0.7 %</td>
<td>15,430,397</td>
<td>117,084</td>
<td>0.8 %</td>
</tr>
<tr>
<td><strong>Total Expenditures by Account</strong></td>
<td>$173,432,000</td>
<td>$114,922,374</td>
<td>66.3 %</td>
<td>$58,509,626</td>
<td>$119,742,064</td>
<td>67.7 %</td>
</tr>
</tbody>
</table>
### Statement of Net Position (formerly Statement of Net Assets)

March 31, 2015

(Preliminary)

#### Assets

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2014/15</th>
<th>FY 2013/14</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General &amp; Designated Funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$21,301,720</td>
<td>$24,684,605</td>
</tr>
<tr>
<td>Short-term Investments</td>
<td>$25,105,786</td>
<td>$35,069,005</td>
</tr>
<tr>
<td><strong>Auxiliary &amp; Restricted Funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Taxes</td>
<td>$4,337,510</td>
<td>$4,135,689</td>
</tr>
<tr>
<td>Accounts (net of allowances)</td>
<td>$6,825,559</td>
<td>$6,952,291</td>
</tr>
<tr>
<td>Government Grants and Contracts</td>
<td>$1,567,528</td>
<td>$1,292,152</td>
</tr>
<tr>
<td>Student Loans</td>
<td>$223,487</td>
<td>$3,274,573</td>
</tr>
<tr>
<td><strong>Plant &amp; Other Funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>$123,137</td>
<td>$480,964</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>$869,368</td>
<td>$829,698</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>$58,786,567</td>
<td>$78,943,982</td>
</tr>
<tr>
<td><strong>Noncurrent Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted Cash and Cash Equivalents</td>
<td>(462,416)</td>
<td>(462,416)</td>
</tr>
<tr>
<td>Notes Receivable (net of allowances)</td>
<td>(44,651)</td>
<td>410,907</td>
</tr>
<tr>
<td>Other Long-term Investments</td>
<td>$10,868,628</td>
<td>$30,624,766</td>
</tr>
<tr>
<td>Investments in Capital:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$15,291,311</td>
<td>$15,291,311</td>
</tr>
<tr>
<td>Buildings &amp; Leasehold improvements</td>
<td>$89,076,282</td>
<td>$83,603,435</td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>$5,859,162</td>
<td>$4,289,271</td>
</tr>
<tr>
<td>Equipment (net of depreciation)</td>
<td>$1,837,572</td>
<td>$1,832,591</td>
</tr>
<tr>
<td>Library Books (net of depreciation)</td>
<td>$1,837,572</td>
<td>$1,832,591</td>
</tr>
<tr>
<td><strong>Total Noncurrent Assets</strong></td>
<td>$10,868,628</td>
<td>$146,445,406</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$69,655,195</td>
<td>$225,389,388</td>
</tr>
</tbody>
</table>

#### Liabilities

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2014/15</th>
<th>FY 2013/14</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued Payroll and Benefits</td>
<td>$5,777,881</td>
<td>5,479,255</td>
</tr>
<tr>
<td>Accounts Payable and Accrued Liabilities</td>
<td>$440,753</td>
<td>$710,325</td>
</tr>
<tr>
<td>Deposits Held in Custody</td>
<td>$447,124</td>
<td>$417,010</td>
</tr>
<tr>
<td>Current Portion of Long-term Liabilities</td>
<td>$4,296,437</td>
<td>$4,219,839</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>$10,515,071</td>
<td>$9,405,779</td>
</tr>
<tr>
<td><strong>Noncurrent Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unearned Revenue</td>
<td>$5,250</td>
<td>$5,250</td>
</tr>
<tr>
<td>Long-term Liabilities</td>
<td>$3,551,926</td>
<td>$4,630,752</td>
</tr>
<tr>
<td><strong>Total Noncurrent Liabilities</strong></td>
<td>$3,557,176</td>
<td>$4,636,002</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>$14,072,247</td>
<td>$14,041,781</td>
</tr>
</tbody>
</table>

#### Net Position

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2014/15</th>
<th>FY 2013/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Investment in Capital Assets</td>
<td>$112,064,328</td>
<td>$113,888,610</td>
</tr>
<tr>
<td>Restricted for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>$1,010,351</td>
<td>$1,442,260</td>
</tr>
<tr>
<td>Debt Service</td>
<td>$1,840,846</td>
<td>$2,716,373</td>
</tr>
<tr>
<td>Other (Capital Projects)</td>
<td>$635,551</td>
<td>$1,190,908</td>
</tr>
<tr>
<td>Grants and Contracts</td>
<td>$21,033,564</td>
<td>$92,109,456</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$55,582,948</td>
<td>$211,347,607</td>
</tr>
</tbody>
</table>

#### Total Net Position: Current Year vs. Prior Year

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2014/15</th>
<th>FY 2013/14</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Net Position</strong></td>
<td>$55,582,948</td>
<td>$211,347,607</td>
</tr>
</tbody>
</table>

**Total Net Position: Current Year vs. Prior Year**

70 $ (10,062,824)
General & Designated Fund Revenue Year to Date
Comparison with Prior Year

General & Designated Funds YTD Revenues - FY14 - Prior Year
For the Nine Months Ending March 31, 2014
Total of $116,611,540

- Tuition and Fees $44,369,974 38%
- State Appropriations $5,352,450 5%
- Property Taxes $64,059,629 55%
- Other Revenues $2,829,487 2%

General & Designated Funds YTD Revenues - FY15 - Current Year
For the Nine Months Ending March 31, 2015
Total of $115,872,107

- Tuition and Fees $42,339,519 37%
- State Appropriations $5,320,126 5%
- Property Taxes $65,488,412 56%
- Other Revenues $2,724,051 2%

General & Designated Funds YTD Revenues

Tuition and Fees
State Appropriations
Property Taxes
Other Revenues

$0
$20,000,000
$40,000,000
$60,000,000
$80,000,000
$100,000,000
$120,000,000
$140,000,000
$160,000,000


Tuition and Fees
State Appropriations
Property Taxes
Other Revenues
### All Funds Revenue & Expenses Year to Date

#### Current Year

<table>
<thead>
<tr>
<th>Month</th>
<th>Revenue</th>
<th>Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jul</td>
<td>$0</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>Aug</td>
<td>$40,000,000</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>Sep</td>
<td>$60,000,000</td>
<td>$40,000,000</td>
</tr>
<tr>
<td>Oct</td>
<td>$80,000,000</td>
<td>$60,000,000</td>
</tr>
<tr>
<td>Nov</td>
<td>$100,000,000</td>
<td>$80,000,000</td>
</tr>
<tr>
<td>Dec</td>
<td>$120,000,000</td>
<td>$100,000,000</td>
</tr>
<tr>
<td>Jan</td>
<td>$140,000,000</td>
<td>$120,000,000</td>
</tr>
<tr>
<td>Feb</td>
<td>$160,000,000</td>
<td>$140,000,000</td>
</tr>
<tr>
<td>Mar</td>
<td>$180,000,000</td>
<td>$160,000,000</td>
</tr>
</tbody>
</table>

#### All Funds YTD Revenues & Expenses - FY15

- **Nonoperating Revenues**
- **Operating Revenues**
- **Instruction**
- **Academic Support**
- **Institutional Support**
- **Student Services**
- **Operation & Maintenance of Plant**
- **Other**
Glossary for Financial Reports

Statement of Net Position

Assets

Current Assets
Assets that will be converted into cash or consumed in a relatively short period of time, usually within a year.

Cash & Cash Equivalents
Short-term, highly liquid investments that are readily convertible to known amounts of cash and have insignificant risk of changes in value because of changes in interest rates. Generally, only investments of original maturities of three months or less meet this definition. Cash held by external investment managers may be considered to be investments.

Receivables
A financial instrument that gives the institution the right and another party the obligation, to make a payment at a future date, generally of cash.

Short-term Investments
Readily marketable securities that can easily be sold and converted back into cash. For example, coupon bonds that will mature this year. RBC Global Asset Management manages the College’s additional short-term investments. The duration of the investments is less than one year.

Property taxes
The amount of property taxes that the College expects to collect in the next month. General Fund property taxes are used to support operations. The Plant Fund property taxes are used to pay down General Obligation bonds.

Accounts
Student account receivables. Student receivables arise from transactions related to tuition and fees. It’s normal for students to register for classes in advance of the start of the term without first paying in full. When a student registers for classes a receivable is created. In the majority of instances, a portion of the receivable will be satisfied by financial aid—either in the form of scholarships, grants, tuition waivers, or loans. Any remaining balance is expected to be paid by the student, the student’s parents, or a third party (e.g., the student’s employer).

(net of allowances)
The collectibility of receivables is reviewed at fiscal year-end and the value of the allowance for doubtful accounts is adjusted as necessary to ensure its adequacy. The allowance is increased or decreased when necessary to adjust the carrying value of receivables to the expected net realizable value.

Government Grants & Contracts
Higher education institutions routinely receive grants and contracts from the federal government or other entities to support research or training. Federal Pell Grants account for the majority of the College’s government grants. The grants are applied to students’ accounts and the remaining funds are reimbursed to the student. At the same time, a receivable is created to record the funds due the College from the Department of Education.

Student Loans
Various federal loan programs are available to students who meet eligibility requirements. Part of the loan receivable is for National Direct Student Loans (NDSL)/ Perkins where the College is responsible for collecting the balance due. The remaining loans are Federal Family Educational Loans and Federal Direct Loans which are passed through the College to the student but are not managed by the College. These loans are also applied to the student’s account and the College is reimbursed after the fact.

Other
Other receivables include refund repayments, third party payments, International Student Insurance Fees, non-sufficient funds (NSF) checks and check fees, and late fees.

Inventories
Facilities maintains parts and tools in inventory that are regularly needed. Facilities personnel manage and track these assets. Once a year for the annual financial report, finance adjusts the inventory value based on the available assets at June 30.

Prepaid Expenses
Prepaid Expenses are assets created by the early payment of cash. For example, an annual insurance payment is made in January that covers 6 months in the current fiscal year and 6 months in the next fiscal year. Half of this type of payment is classified as a prepaid expense.
Glossary for Financial Reports

Noncurrent Assets  
Assets that will not be converted into cash or consumed in a relatively short period of time, usually within a year.

Restricted Cash & Cash Equivalents  
If cash and cash equivalents are restricted for use, for other than current operations, they should be classified as noncurrent assets. The College’s restricted cash includes cash collected for debt payments, cash in the National Direct Student Loan fund and agency cash held for loans, third-party scholarships, and student clubs.

Notes Receivable  
The College’s notes receivable is the long-term principal portion of the National Direct Student Loan / Perkins loans.

Other Long-term Investments  
Investments have maturities greater than one year. For example, coupon bonds with maturities greater than one year. RBC Global Asset Management manages the College’s other long-term investments. The maturities are generally from one to three years.

Investments in Capital  
Assets of a durable nature that are used to provide economic benefits for more than one year including the following categories: land, buildings, and leasehold improvements, construction in progress, equipment, and library materials.

Land  
This category includes all land that is purchased or acquired by gift or bequest. The institution must have title to the land. Land is not depreciated.

Buildings & Leasehold improvements  
This category consists of all structures used for operating purposes. Included are all permanently attached fixtures, machinery, and other components that cannot be removed without damaging the buildings. Building improvements are capitalized if they extend the asset’s useful life.

Construction in Progress  
This category includes the cost of construction work, which is not yet completed. The item is not depreciated until the asset is placed in service. Normally, upon completion, a construction in progress (CIP) item is reclassified, capitalized, and depreciated. Costs associated with the construction of a new building would be included in this category.

Equipment  
Equipment represents personal property that is movable. Examples of movable equipment include furniture, teaching equipment, laboratory equipment, and motor vehicles. The College’s capitalization threshold is $5,000.

Library Books  
The College considers library books to be a group asset and capitalizes each year’s additions and adjusts for deletions to the holdings.

(Net of Depreciation)  
Buildings and building improvements, equipment and library books are depreciated over their useful lives. This adjustment is netted with the value of the asset reported in the categories above.

Liabilities  
Current Liabilities  
Current liabilities are the portion of obligations (amounts owed) due to be paid within the current operating cycle (normally a year) and that normally require the use of existing current assets to satisfy the debt.

Accrued Payroll & Benefits  
Institutions collect funds from the employer and the employee each payroll to pay for taxes and benefits. The amount collected and due to the government and vendors creates a liability until the payment is made. The College’s payroll liabilities include Federal and State income taxes, FICA, Medicare, health and dental insurance, retirement contributions, medical and dependent care flexible spending plans, etc. A portion of the payable is also deferred pay for faculty.

Accounts Payable & Accrued Liabilities  
When goods or services are received, a liability is created, unless cash is paid immediately. The College also records a liability when a payment or financial aid is approved, but not yet applied to a student account.
Glossary for Financial Reports

Deposits Held in Custody  These are funds held by the institution for others. The institution handles these accounts as agency funds. The College’s deposits held in custody include the Federal Direct Loans and Federal Family Educational Loans, third party scholarships and student club funds. The College is a pass-through agency holding the funds temporarily.

Current Portion of Long-term Liabilities  This category includes the portion of long-term liabilities that are expected to be paid within the current operating cycle. The College’s current portion of long-term liabilities includes a portion of the compensated absences. A liability is accrued for compensated absences that have been earned based on services already rendered and that are not contingent on a specific event outside the control of the employer or employee. This includes the dollar value of employee vacation and sick leave.

Noncurrent Liabilities  Noncurrent liabilities are the portion of obligations (amounts owed) not due to be paid within the current operating cycle.

Unearned Revenue  Unearned revenue results when payments have been received for services or goods not yet delivered. The College’s main source of unearned revenue is generated by prepayments of tuition and fees by students, third parties, or financial aid.

Long-term Liabilities  Public institutions often issue long-term debt to finance construction or acquisition of academic, student service, or auxiliary enterprise facilities. Long term liability accounts are the portions of debts with due dates greater than twelve months.

Net Position  Net position is the calculation of assets, plus deferred outflows of resources, minus liabilities, minus deferred inflows of resources. The College does not currently have deferred outflows or inflows of resources. This title and definition of Net Position was changed with Governmental Accounting Standards Board (GASB) Statement No. 63, previously it was titled Net Assets.

Net Investment in Capital Assets  The net invested in capital assets includes the institution’s carrying value of capital assets (cost minus accumulated depreciation) net of any debt outstanding that was used to finance the construction or purchase of such assets.

Restricted Assets  Restricted net assets is the portion of net position subject to externally-imposed constraints placed on their use by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments. The College has restricted net assets for loans, debt service, grants, and contracts.

Unrestricted Assets  Unrestricted net assets consist of net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

Statement of Revenues, Expenses and Changes in Net Position

Operating Revenues  Revenues resulting from the normal operations of a business.

Tuition & Fees  All tuition and fees assessed for educational purposes.

Contracts  All amounts earned on contracts or agreements from other governmental or nongovernmental organizations. The College has instructional contracts with numerous outside entities.

Auxiliary Enterprises  An auxiliary enterprise is an entity that exists to furnish a service to students, faculty, or staff and charges a fee for the use of goods and services. Examples of auxiliary enterprises include bookstores and food services. Revenue associated with these auxiliary enterprises includes commissions.

Commission & Rents  Includes additional income earned from rent of College space including rent revenue from the College renting space for cellular phone towers, leasing building space, and other facility rentals.
<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Operating Revenues</td>
<td>Includes non-sufficient funds (NSF) check fees, payment installment plan fees, international student insurance fees, miscellaneous copy and printing charges and miscellaneous ticket revenue.</td>
</tr>
<tr>
<td>Nonoperating Revenues</td>
<td>Generally nonexchange revenues in which the institution receives values without directly giving equal value in return.</td>
</tr>
<tr>
<td>State Appropriations</td>
<td>Funds appropriated to the College through the State budget process.</td>
</tr>
<tr>
<td>Property Taxes</td>
<td>Funds levied and received by the College through Pima County property taxes as authorized by the Arizona Revised Statutes.</td>
</tr>
<tr>
<td>Federal Grants</td>
<td>Includes all amounts earned on grants from federal agencies. The grant funds are restricted in their use by grant agreements. The College must fulfill the terms of the grant to be eligible for the funding.</td>
</tr>
<tr>
<td>State &amp; Local Grants</td>
<td>Includes all amounts earned on grants from state, local government and nongovernmental organizations.</td>
</tr>
<tr>
<td>State Shared Sales Taxes</td>
<td>Shared state sales taxes are provided by the Arizona Revised Statutes for workforce development. These funds are also known as Proposition 301 funds.</td>
</tr>
<tr>
<td>Gifts</td>
<td>Contributions are voluntary non-exchange revenues, which are recognized when all applicable eligibility requirements are met. Scholarships that the Foundation provides to students are an example of this type of nonoperating revenue.</td>
</tr>
<tr>
<td>Investment Income</td>
<td>Includes dividends, interest, or royalties and gains or losses on investments.</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>Expenses related to normal daily business operations such as wages, rent, advertising, insurance, etc.</td>
</tr>
<tr>
<td>Instruction</td>
<td>Includes expenses for all activities that are part of an institution’s instruction program. For example, faculty salaries are included in the Instructional expenses.</td>
</tr>
<tr>
<td>Academic Support</td>
<td>Includes expenses incurred to provide support services for the institution’s primary programs of instruction, research, and public service. It includes the following activities:</td>
</tr>
<tr>
<td></td>
<td>• The retention, preservation, and display of educational materials, such as libraries, museums, and galleries</td>
</tr>
<tr>
<td></td>
<td>• Media, such as audio-visual services, and technology, such as computing support</td>
</tr>
<tr>
<td></td>
<td>• Academic administration (including academic deans but not department chairpersons) and personnel providing administrative support and management direction to the three primary missions</td>
</tr>
<tr>
<td></td>
<td>• Separately budgeted support for course and curriculum development</td>
</tr>
<tr>
<td>Student Services</td>
<td>Includes expenses incurred for the offices of admissions and the registrar and activities that, as their primary purpose, contribute to students’ emotional and physical well-being and intellectual, cultural, and social development outside the context of the formal instruction program. This classification includes expenses for student activities, cultural events, student newspapers, intramural athletics, student organizations, intercollegiate athletics (if the program is not operated as an auxiliary enterprise), counseling and career guidance (excluding informal academic counseling by the faculty), student aid administration, and student health service (if not operated as an auxiliary enterprise).</td>
</tr>
<tr>
<td>Institutional Support</td>
<td>Includes expenses for central, executive-level activities concerned with management and long-range planning for the entire institution, such as the governing board, planning and programming operations, and legal services; fiscal operations; administrative information technology (when not accounted for in other categories); employee personnel and records; logistical activities that provide procurement, storerooms, printing, and transportation services to the institution; support services to faculty and staff that are not operated as auxiliary enterprises; and activities concerned with community and alumni relations, including development and fundraising.</td>
</tr>
</tbody>
</table>
Glossary for Financial Reports

Operation & Maintenance of Plant
Includes all expenses for the administration, supervision, operation, maintenance, preservation, and protection of the institution’s physical plant. These expenses include items such as janitorial and utility services; repairs and ordinary or normal alterations of buildings, furniture, and equipment; care of grounds; maintenance and operation of buildings and other plant facilities; security; emergency preparedness; safety; hazardous waste disposal; property, liability, and all other insurance relating to property; space and capital leasing; facility planning and management; and central receiving.

Depreciation
Includes both depreciation of the institution’s plant, property, and equipment, and amortization of assets acquired by capital lease.

Student Financial Aid
Includes expenses for scholarships - from restricted or unrestricted funds - in the form of grants that neither require the student to perform service to the institution as consideration for the grant, nor require the student to repay the amount of the grant to the funding source.

Contingency
Commitments and contingencies that could materially affect the financial condition of the entity as reflected in its financial statements.

Transfers
Funds moved from one fund type to another, for example general fund support for capital projects.

Capital Appropriations
The capital appropriations category includes all appropriations from legislative acts of the federal, state, or local governments or by a local taxing authority specifically for capital expenditures. The state has suspended capital appropriations to community colleges for the last several years.

Capital Gifts & Grants
Restricted gifts or grants for capital purposes, for example a donation to construct an arts center.

Definitions adapted from the Financial Accounting & Reporting Manual for Higher Education, a NACUBO online subscription service.
Fiscal Year 2015-2016 Proposed Budget

Board of Governor's Meeting

David Bea, Ph.D.
May 13, 2015

FY 2014-2015 Budgeted Revenues
$266.2 million (all funds, in $ millions)

- Property Tax Revenue
  $100.3
  38%
- Grants, Contracts, Financial Aid
  $65.3
  24%
- Tuition & Fees
  $54.1
  20%
- College Equity
  $33.9
  13%
- State Aid
  $7.1
  3%
- Other Revenue
  $5.5
  2%
FY 2014-2015 Budgeted Expenditures
$266.2 million (all funds, in $ millions)

Administrative Personnel $7.2
Faculty $25.0
Additional Compensation - Faculty $1.5
Adjunct Faculty $13.7
Classified Staff $49.4
Other Compensation $4.4
Student Employment $0.6
Fringe Benefits $29.6
Communications and Utilities $6.1
Travel $2.7
Contractual Services $12.7
Supplies and Materials $12.9
Current Fixed Charges $13.9
Other Expenditures $1.1

Student Financial Aid $48.1
Capital Equipment $33.2
Contingency and Reserves $15.9
Franchise Benefits $13.2
Administrative Personnel $15.0
Faculty $15.0

Capital and Equipment $32.8
Contingency and Reserves $15.9
Other Expenditures $4.4
Supplies and Materials $12.9
Student Financial Aid $13.9
Current Fixed Charges $2.7
Other Compensation $13.4
Other Expenditures $0.6

Fiscal Year 2016 Budget Calendar

November 2014 • Finance and Budget Outlook for Fiscal Year 2015-2016 was made to the Board of Governors in Study Session
December 2014 • Fiscal Year 2015-2016 Budget Planning Scenarios were presented to the Board of Governors and approved.
January 2015 • Fiscal Year 2015-2016 Budget and Finance Planning presentation to Board of Governors
February 2015 • Fiscal Year 2015-2016 Budget Outlook presentations were made at numerous College Locations
• Property tax levy letter is received from Pima County
March 2015 • Board of Governors working session on the fiscal year 2015-2016 tuition and fees
• Proposed Academic Year 2015-2016 tuition and fees, presented and approved
• Fiscal Year 2015-2016 Budget Outlook presentations were made at numerous College Locations
• Proposed employee medical and pharmacy benefits for fiscal year 2015-2016, presented and approved
April 2015 • Fiscal Year 2015-2016 Budget Outlook presentations were made at numerous College Locations
• Proposed employee life insurance contract for fiscal year 2014-2015, approved
Fiscal Year 2016 Budget Calendar (continued)

| May 2015                     | • Proposed fiscal year 2015 and 2016 Capital Budget and Projects are presented to the Board of Governors  
                               | • Proposed fiscal year 2015-2016 preliminary budget, tax rate, and tax levy with a request for approval to allow publication according to statutory guidelines are presented to the Board of Governors  
                               | • The proposed budget and ‘Truth in Taxation Notice of Tax Increase’ are published as required and a press release is distributed as required by Arizona Revised Statutes. |
|----------------------------|---------------------------------------------------------------------------------------------------|
| June 2015                   | • The proposed budget and ‘Truth in Taxation Notice of Tax Increase’ are published for a second time as required by Arizona Revised Statutes  
                               | • A Public Hearing is scheduled on the proposed fiscal year 2015-2016 budget, property tax rates and levies  
                               | • A Special Meeting is scheduled to vote on property tax levies and rates and budget by a roll call vote to levy the proposed property tax and vote to approve the proposed budget.  
                               | • The documents are transmitted to the Property Tax Oversight Commission as required by Arizona Revised Statutes |
| July 2015                   | • On July 1, 2015 the fiscal year 2015-2016 budget is implemented for the new fiscal year |

Guiding Principles

- **Our North Star**
  - Student Success
  - Community Engagement
  - Diversity

- **College Mission, Vision, Values, Goals**

- **Strategic Plan**

- **Strategic Planning Committee, Budget Subcommittee - Criteria for Budgetary Decisions**
PCC Strategic Plan

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 and employee development


Strategic Planning Committee, Budget Subcommittee - Criteria for Budgetary Decisions

• Resources will be allocated to ensure the success of the College’s priorities as outlined in our Missions, Goals, and Strategic Plans.
• All regulatory and compliance requirements will continue to be met and funded.
• All programs and services will be evaluated in terms of their benefits, costs, relevancy, and impact to our students, and external community, including businesses and transfer institutions.
  – Underperforming areas, once identified, should be modified or eliminated.
  – As new needs arise, funds will be needed for new programs and services.
• Human resources should be optimally assigned throughout the district.
  – In-house talent, retraining, and cross training may be considered before external hiring occurs.
  – Unit functionality and efficiency will be promoted, meaning that employee assignments correspond to real needs, student enrollment, and organizational demands.
  – All services need not be offered at all locations.
• Physical assets will be optimally utilized throughout the district.
• Return on investment, process efficiency, and income-generating initiatives need to be explored in order to continuously improve and adapt.
Reality Check

• Immediate Challenges
  – State Funding Elimination
  – Cumulative Enrollment Declines

• Ongoing Concerns
  – Expenditure Limitation Concerns
  – Facility intensive structure throughout County
  – Proportion of costs that are relatively fixed (personnel, utilities, contracts, and licenses)

FY 2016 State of Arizona Appropriations to Community Colleges

[Bar chart showing funding distribution by college and funding type]
PCC Expenditure Limitation Plan

- Target EL Enrollment = 22,000
- Reduce Expenses $2.5 million per year
- Actual Enrollment +1,000 FTSE/year

Budget Communications

- Budget Outlook presentations were made to:
  - Faculty and Staff at 9 different locations
  - Employee and Student Groups
  - Finance and Audit Committee
  - Board of Governors
- All presentations available on Budget webpage
- Numbers! – PCC’s Finance Newsletter
- “Pima-All” email communications
- Staff Surveys
  - Great Ideas
  - Campus Leadership Structure
  - Staff Work Schedule
- Strategic Planning Committee, Budget Subcommittee
- Operational Budget Request Database
- College-wide Communications
  - Conversation with the Chancellor
  - Campus Leadership Structure Reorganization
Cost Reduction Strategies

- Reorganization
  - Campus/Department Consolidation
  - Position Elimination
  - Hiring Freeze
- No Salary Pool Increases
- Reduce Expenditures
  - Employee Benefits Structure Changes
  - One-time Reserves from FY 2015
  - Program Support
  - Equipment Subject to Expenditure Limitation

$ \rightarrow $
FY 2016 Revenue Summary

State Funding
- $0.00 - Operating State Aid
- $0.00 - STEM and Workforce programs State Aid
- $100,000 increase in Proposition 301 funding

Tuition and Fees
- Increase in-state tuition from $70.50 per unit to $75.50 per unit
- Increase semester processing fee from $10 to $15
  - Eliminate Graduation Fee of $15
  - Eliminate Student Identification Card Fee of $2

Property Tax
- Primary
  - Growth of 1.95%, $1.95 million
  - Levy Increase of 2.0%, $2.04 million
- Secondary
  - $0.00

FY 2016 Arizona Community Colleges Tuition + Fees per unit

<table>
<thead>
<tr>
<th>College</th>
<th>FY 16 Fees Per Unit</th>
<th>FY 16 Tuition Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coconino</td>
<td>$7.00</td>
<td>$92.00</td>
</tr>
<tr>
<td>Mohave</td>
<td>$7.00</td>
<td>$81.00</td>
</tr>
<tr>
<td>Maricopa</td>
<td>$0.00</td>
<td>$84.00</td>
</tr>
<tr>
<td>Pinal - Central</td>
<td>$0.00</td>
<td>$82.00</td>
</tr>
<tr>
<td>Pima</td>
<td>$5.50</td>
<td>$75.50</td>
</tr>
<tr>
<td>Yuma/La Paz - AZ Western</td>
<td>$75.00</td>
<td>$69.33</td>
</tr>
<tr>
<td>Cochise</td>
<td>$78.00</td>
<td>$77.00</td>
</tr>
<tr>
<td>Yavapai</td>
<td>$77.00</td>
<td>$75.00</td>
</tr>
<tr>
<td>Graham - Eastern</td>
<td>$69.33</td>
<td>$68.00</td>
</tr>
<tr>
<td>Navajo - Northland Pioneer</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
</tbody>
</table>
**AZ Community College Primary Property Tax Rates (Fiscal Years 2006-2015)**

![Graph showing Primary Property Tax Rates per $100 valuation from 2006 to 2015 for various counties in Arizona.]

- **COCHISE**
- **COCONINO**
- **GRAHAM**
- **MARICOPA**
- **MOHAVE**
- **NAVAJO**
- **PIMA**
- **PINAL**
- **YAVAPAI**
- **YUMA**

Average of AZ Peer Community Colleges

PCC’s Primary Property Tax Rate is below the Peer average for each of the past 10 years.

**PCC Primary, Secondary, and Combined Tax Rates (Fiscal Years 2000-2016)**

- **Primary Property Tax Rate**
- **Secondary Property Tax Rate**
- **Combined Primary + Secondary Tax Rates**

![Graph showing Primary, Secondary, and Combined Tax Rates from 2000 to 2016 for PCC.]

- **Primary Property Tax Rate**
- **Secondary Property Tax Rate**
- **Combined Primary + Secondary Tax Rates**

*Proposed*
Truth in Taxation

TRUTH IN TAXATION
HEARING
NOTICE OF TAX INCREASE

In compliance with section 15-1441.01, Arizona Revised Statutes, Pima County Community College District is notifying its property taxpayers of Pima County Community College District’s intention to raise its primary property tax rate from last year’s level. The Pima County Community College District is proposing an increase in primary property taxes of $2,042,257 or 2.0%.

For example, the proposed tax increase will add Pima County Community College District’s primary property tax rate to $1.3421 (total taxes that would be owed without the proposed tax increase) to $1.3689 (total proposed taxes including the tax increase).

This proposed increase is exclusive of increased primary property taxes received from new construction. The increase is also exclusive of any changes that may occur from property tax levies for voter approved bonded indebtedness or budget and tax override.

All interested citizens are invited to attend the public hearing on the tax increase that is scheduled to be held Wednesday, June 10, 2015 at 5:00 p.m. in the Community Board Room at the District Office of Pima County Community College, 905 E. Broadway, Tucson, Arizona 85709-1005.

Property Tax Levy Detail - Proposed
(per $100 net assessed valuation)

<table>
<thead>
<tr>
<th></th>
<th>FY 2015</th>
<th>FY 2016 Levy Neutral</th>
<th>FY 2016 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Tax Rate</td>
<td>$1.3344</td>
<td>$1.3421</td>
<td>$1.3689</td>
</tr>
<tr>
<td>% Change in Tax Rate</td>
<td>4.7%</td>
<td>0.6%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Secondary Tax Rate</td>
<td>$0.0000</td>
<td>$0.0000</td>
<td>$0.0000</td>
</tr>
<tr>
<td>% Change in Tax Rate</td>
<td>-100.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Combined Primary and Secondary Rates</td>
<td>$1.3344</td>
<td>$1.3421</td>
<td>$1.3689</td>
</tr>
<tr>
<td>% Change in Tax Rates</td>
<td>3.2%</td>
<td>0.6%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Difference in Combined Tax Rates</td>
<td>$0.0077</td>
<td>$0.0345</td>
<td></td>
</tr>
</tbody>
</table>
# Primary Property Tax Levy Detail - Proposed

<table>
<thead>
<tr>
<th>FY 2015</th>
<th>FY 2016 Levy Neutral</th>
<th>FY 2016 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Taxable Value Current Year ($100s)</strong></td>
<td>$75,184,820</td>
<td>$76,203,609</td>
</tr>
<tr>
<td><strong>Overall Change in Valuation</strong></td>
<td>-0.54%</td>
<td>1.36%</td>
</tr>
<tr>
<td><strong>Change from New Property</strong></td>
<td>2.09%</td>
<td>1.94%</td>
</tr>
<tr>
<td><strong>Estimated Primary Tax Rate Authorization (per $100 net assessed valuation)</strong></td>
<td>1.3344</td>
<td>1.3421</td>
</tr>
<tr>
<td><strong>Primary Tax Levy</strong></td>
<td>$100,326,624</td>
<td>$102,272,863</td>
</tr>
<tr>
<td><strong>Change from previous fiscal year</strong></td>
<td></td>
<td>$1,946,239</td>
</tr>
<tr>
<td><strong>Truth in Taxation Levy Increase</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

# Estimated Property Tax Impact

**Residential Property Summary**

<table>
<thead>
<tr>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Value</td>
<td>$100,000</td>
<td>$100,000</td>
</tr>
<tr>
<td>Assessment Ratio</td>
<td>0.10</td>
<td>0.10</td>
</tr>
<tr>
<td>Assessed Value</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td>PCC Combined Taxes Due</td>
<td>$129.33</td>
<td>$133.44</td>
</tr>
<tr>
<td>% Change</td>
<td>10.2%</td>
<td>3.2%</td>
</tr>
</tbody>
</table>

**Commercial Property Summary**

<table>
<thead>
<tr>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Value</td>
<td>$100,000</td>
<td>$100,000</td>
</tr>
<tr>
<td>Assessment Ratio</td>
<td>0.195</td>
<td>0.190</td>
</tr>
<tr>
<td>Assessed Value</td>
<td>19,500</td>
<td>19,000</td>
</tr>
<tr>
<td>PCC Combined Taxes Due</td>
<td>$252.19</td>
<td>$253.54</td>
</tr>
<tr>
<td>% Change</td>
<td>7.4%</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

*Assumes FCV and Limited Value are identical for both residential and commercial property examples
FY 2015-2016 General Fund Revenues by Source (in $ millions)

<table>
<thead>
<tr>
<th>Source</th>
<th>Proposed FY15</th>
<th>Proposed FY16</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Tax Levy</td>
<td>$100.3</td>
<td>$104.3</td>
<td>$4.0</td>
</tr>
<tr>
<td>State Aid</td>
<td>6.5</td>
<td>-6.5</td>
<td>-12.0</td>
</tr>
<tr>
<td>Tuition and Fees</td>
<td>45.0</td>
<td>46.7</td>
<td>1.7</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>1.1</td>
<td>0.7</td>
<td>-0.3</td>
</tr>
<tr>
<td>College Equity</td>
<td>5.5</td>
<td>9.5</td>
<td>4.0</td>
</tr>
<tr>
<td><strong>Total Resources</strong></td>
<td><strong>$158.4</strong></td>
<td><strong>$152.2</strong></td>
<td><strong>$6.1</strong></td>
</tr>
</tbody>
</table>

Budgeted Revenue and Fund Balance by Source (all funds, in $ thousands)

- Fund Balance
- Grants, Contracts & Financial Aid
- Other Revenue
- State Aid (Operations + Capital)
- Tuition & Fees
- Property Taxes

www.pima.edu
Budgeted General Fund Revenue Sources as a percent of Total Revenue

FY 2015-2016 Proposed Budget Revenues $258.7 million (all funds, in $ millions)
Expenditures

Strategic Investment that Supports PCC’s Strategic Plan

Continuation, Operationalization, and/or Enhancement of FY 2014-2015 Initiatives

1. Accreditation Budget, Student Learning Outcomes Support, Records Management (1,6)
2. Enrollment Management and Student Management System (2)
3. Enhanced External Marketing (2)
4. Veteran’s Support & Financial Aid (2)
5. Developmental Education (2)
6. Bridge to College and Career Education Program (3, 4)
7. Math Emporium (4)
8. Workforce Development (4)
9. International Student Program (5)
10. Assessment Office (6)
11. Business Intelligence (6)
Strategic Investment that Supports PCC’s Strategic Plan (continued)

FY 2015-2016 Initiatives in Budget
1. Automated Financial Aid Verification (2)
2. Transcript Evaluation (2)
3. Classroom funding model changes (4)
4. Student Learning Outcomes training (6)

Reserves Funding Available for Future Strategic Initiatives
1. Campus-based Program Reserves
   a) Student Success Programming, Program seed funding, etc.
2. Start up and Program Enhancement Funds (Designated and Proposition 301 funds)
3. Faculty and Staff Enrollment Targets Incentive (?)

General Fund Expenditures
(in $ millions)

<table>
<thead>
<tr>
<th></th>
<th>FY 2015</th>
<th>Proposed FY 2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrators</td>
<td>$ 6.9</td>
<td>$ 6.4</td>
<td>-0.5</td>
</tr>
<tr>
<td>Faculty</td>
<td>24.6</td>
<td>24.3</td>
<td>-0.3</td>
</tr>
<tr>
<td>Staff-Classified</td>
<td>42.1</td>
<td>44.0</td>
<td>1.9</td>
</tr>
<tr>
<td>Other Compensation / Adjunct Faculty</td>
<td>16.5</td>
<td>15.4</td>
<td>-1.1</td>
</tr>
<tr>
<td>Fringe</td>
<td>26.4</td>
<td>27.0</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>116.5</td>
<td>117.1</td>
<td>0.6</td>
</tr>
<tr>
<td>Operations</td>
<td>25.0</td>
<td>27.7</td>
<td>2.7</td>
</tr>
<tr>
<td>Capital</td>
<td>0.4</td>
<td>0.4</td>
<td>0.0</td>
</tr>
<tr>
<td>Transfers (net)</td>
<td>5.2</td>
<td>1.3</td>
<td>-3.9</td>
</tr>
<tr>
<td>Reserves</td>
<td>11.3</td>
<td>5.7</td>
<td>-5.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$158.4</td>
<td>$152.2</td>
<td>-$ 6.2</td>
</tr>
</tbody>
</table>
### Designated Fund Budget Detail by Program (in $ millions)

<table>
<thead>
<tr>
<th>Program</th>
<th>FY 2015</th>
<th>Proposed FY 2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional Development</td>
<td>$ 0.9</td>
<td>$ 0.8</td>
<td>$ -0.1</td>
</tr>
<tr>
<td>Athletics</td>
<td>2.7</td>
<td>2.1</td>
<td>-0.6</td>
</tr>
<tr>
<td>Course Fees</td>
<td>2.2</td>
<td>2.1</td>
<td>-0.1</td>
</tr>
<tr>
<td>Academic Programs</td>
<td>0.8</td>
<td>1.4</td>
<td>0.6</td>
</tr>
<tr>
<td>Center for Training &amp; Development</td>
<td>3.3</td>
<td>2.9</td>
<td>-0.4</td>
</tr>
<tr>
<td>Contract Training</td>
<td>0.7</td>
<td>1.0</td>
<td>0.3</td>
</tr>
<tr>
<td>Prison Program</td>
<td>0.6</td>
<td>0.6</td>
<td>0.0</td>
</tr>
<tr>
<td>Public Safety Institute</td>
<td>0.5</td>
<td>0.8</td>
<td>0.3</td>
</tr>
<tr>
<td>Community Education</td>
<td>0.4</td>
<td>0.3</td>
<td>-0.1</td>
</tr>
<tr>
<td>Other</td>
<td>1.4</td>
<td>1.3</td>
<td>-0.1</td>
</tr>
<tr>
<td>Reserves</td>
<td>1.5</td>
<td>1.5</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 15.0</td>
<td>$ 14.8</td>
<td>$ -0.2</td>
</tr>
</tbody>
</table>

### Auxiliary Fund Summary (in $ millions)

<table>
<thead>
<tr>
<th>Source</th>
<th>FY15</th>
<th>Proposed FY16</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Service</td>
<td>0.2</td>
<td>0.2</td>
<td>0.0</td>
</tr>
<tr>
<td>Business Relations</td>
<td>0.2</td>
<td>0.2</td>
<td>0.0</td>
</tr>
<tr>
<td>Rentals</td>
<td>0.1</td>
<td>0.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Transfers</td>
<td>0.8</td>
<td>0.8</td>
<td>0.0</td>
</tr>
<tr>
<td>Reserves and Other</td>
<td>1.4</td>
<td>1.4</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 2.7</td>
<td>$ 2.7</td>
<td>$ 0.0</td>
</tr>
</tbody>
</table>
### Restricted Fund Summary

**(in $ millions)**

<table>
<thead>
<tr>
<th></th>
<th>FY 2015</th>
<th>Proposed FY 2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Financial Aid</td>
<td>$47.3</td>
<td>$42.3</td>
<td>$-5.0</td>
</tr>
<tr>
<td>Workforce Development (Prop 301)</td>
<td>2.7</td>
<td>2.7</td>
<td>0.0</td>
</tr>
<tr>
<td>State Aid STEM</td>
<td>0.6</td>
<td>0.0</td>
<td>-0.6</td>
</tr>
<tr>
<td><strong>Grants</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health Profession Opportunity Grant (HPOG)</td>
<td>3.7</td>
<td>3.0</td>
<td>-0.7</td>
</tr>
<tr>
<td>Adult Education</td>
<td>3.1</td>
<td>3.7</td>
<td>0.6</td>
</tr>
<tr>
<td>Title III – Improving graduation rates, particularly STEM</td>
<td>1.3</td>
<td>1.2</td>
<td>-0.1</td>
</tr>
<tr>
<td>Title V – Developing Hispanic Serving Institutions</td>
<td>0.6</td>
<td>1.2</td>
<td>0.6</td>
</tr>
<tr>
<td>TRIO (Upward Bound, Student Support Services, Talent Search)</td>
<td>1.9</td>
<td>1.9</td>
<td>0.0</td>
</tr>
<tr>
<td>Adelante Performance Based Award</td>
<td>0.1</td>
<td>0.0</td>
<td>-0.1</td>
</tr>
<tr>
<td>Trade Adjustment Assistance</td>
<td>0.8</td>
<td>2.1</td>
<td>1.3</td>
</tr>
<tr>
<td>Other</td>
<td>0.9</td>
<td>0.9</td>
<td>0.0</td>
</tr>
<tr>
<td>New Grants</td>
<td>4.0</td>
<td>4.0</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$67.0</td>
<td>$63.0</td>
<td>$-4.0</td>
</tr>
</tbody>
</table>

### Capital Fund Summary

**(in $ millions)**

<table>
<thead>
<tr>
<th></th>
<th>FY 2015</th>
<th>Proposed FY 2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budget Year Projects</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Capital Projects</td>
<td>$10.2</td>
<td>$6.5</td>
<td></td>
</tr>
<tr>
<td>Technology Fee Projects</td>
<td>1.2</td>
<td>1.2</td>
<td></td>
</tr>
<tr>
<td>Proposition 301 Projects</td>
<td>3.0</td>
<td>2.7</td>
<td></td>
</tr>
<tr>
<td>Grant Funded Projects</td>
<td>3.4</td>
<td>0.1</td>
<td></td>
</tr>
<tr>
<td>Contract/Auxiliary Projects</td>
<td>0.2</td>
<td>0.1</td>
<td></td>
</tr>
<tr>
<td>STEM (Science, Technology, Engineering, Math)</td>
<td>0.6</td>
<td>0.0</td>
<td></td>
</tr>
<tr>
<td><strong>Total Budget Year Projects</strong></td>
<td>$18.6</td>
<td>$10.6</td>
<td></td>
</tr>
<tr>
<td>Carry Forward Projects</td>
<td>13.8</td>
<td>15.3</td>
<td></td>
</tr>
<tr>
<td>Reserves</td>
<td>1.5</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td><strong>Total All Projects</strong></td>
<td>$33.9</td>
<td>$26.9</td>
<td></td>
</tr>
<tr>
<td><strong>Less Transfers from Other Funds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposition 301 Funding</td>
<td>-2.7</td>
<td>-2.4</td>
<td></td>
</tr>
<tr>
<td>General Fund Transfer</td>
<td>-3.8</td>
<td>0.0</td>
<td></td>
</tr>
<tr>
<td>Other Funds Support (including grants)</td>
<td>-4.1</td>
<td>-0.1</td>
<td></td>
</tr>
<tr>
<td><strong>Net Budget</strong></td>
<td>$23.2</td>
<td>$24.4</td>
<td></td>
</tr>
</tbody>
</table>
FY 2015-2016 Proposed Budget Summary
$258.7 million (all funds, in $ millions)

General Fund
$152.2 59%

Restricted Fund
$63.0 24%

Capital Fund
$24.3 9%

Designated Fund
$14.8 6%

Auxiliary Fund
$2.7 1%

Debt Fund
$1.7 1%

Expenditures
$258.7 million (all funds, in $ millions)

Administrative Personnel
$6.6 2%

Faculty
$24.7 10%

Additional Compensation - Faculty
$1.5 1%

Adjunct Faculty
$10.2 4%

Additional Compensation-Faculty
$4.7 2%

Student Financial Aid
$43.6 17%

Contingency and Reserves
$6.8 4%

Administrative Personnel
$6.6 2%

Faculty
$14.7 10%

Current Fixed Charges
$2.8 1%

Supplies and Materials
$8.3 3%

Contractual Services
$15.4 6%

Communications and Utilities
$6.3 2%

Fringe Benefits
$30.5 12%

Student Employment
$2.6 1%

Other Compensation
$4.7 2%
OPEN MEETING LAW 101
Arizona’s Open Meeting Law in a Nutshell
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Two core concepts

“All meetings of any public body shall be public meetings and all persons so desiring shall be permitted to attend and listen to the deliberations and proceedings.” A.R.S. § 38-431.01(A).

“It is the public policy of this state that meetings of public bodies be conducted openly and that notices and agendas be provided for such meetings which contain such information as is reasonable necessary to inform the public of the matters to be discussed or decided.” A.R.S. § 38-431.09.

Why do we have an Open Meeting Law?

1. To protect the public.
   a. To avoid decision-making in secret.
   b. To promote accountability by encouraging public officials to act responsively and responsibly.
2. To protect public officials.
   a. To avoid being excluded (notice).
   b. To prepare and avoid being blind sided (agenda).
   c. To accurately memorialize what happened (minutes).
5. Build trust between government and citizenry.

What constitutes a meeting?

A meeting is a gathering, in person or through technological devices of a quorum of a public body at which they discuss, propose or take legal action, including deliberations. A.R.S. § 38-431(4). This includes telephone and e-mail communications.

Who must comply with Open Meeting Law?

Public bodies. "Public body" means the legislature, all boards and commissions of this state or political subdivisions, all multimember governing bodies of departments, agencies, institutions and instrumentalities of the state or political subdivisions, including without limitation all corporations and other instrumentalities whose boards of directors are appointed or elected by the state or political subdivision. Public body includes all quasi-judicial bodies and all standing, special or advisory committees or subcommittees of, or appointed by, the public body. A.R.S. § 38-431(6).
"Advisory committee" or "subcommittee" means any entity, however designated, that is officially established, on motion and order of a public body or by the presiding officer of the public body, and whose members have been appointed for the specific purpose of making a recommendation concerning a decision to be made or considered or a course of conduct to be taken or considered by the public body. A.R.S. § 38-431(1).

The Secretary of State, Clerk of the County Board of Supervisors, and City and Town Clerks must conspicuously post open meeting law materials prepared and approved by the Arizona Attorney General’s Office on their website. A person elected or appointed to a public body shall review the open meeting law materials at least one day before the day that person takes office. A.R.S. § 38-431.01(G)

**What is Required under the Open Meeting Law?**

1. **Notice**

Public bodies must post a disclosure statement on their website or file a disclosure statement as provided for by statute. The disclosure statement states where the public body will post individual meeting notices. A.R.S. § 38-431.02(A)(1) through (4).

The open meeting law requires at least 24 hours notice of meetings to the members of the public body and the general public. A.R.S. § 38-431.02(C).

Notice must be posted on the public body’s website, unless otherwise permitted by statute. Notice must also be posted at any other electronic or physical locations identified in the disclosure statement and by giving additional notice as is reasonable and practicable. A.R.S. § 38-431.02(A)(1) through (4).

2. **Agenda**

Agendas must contain information reasonably necessary to inform the public of the matters to be discussed or decided. A.R.S. § 38-431.09.

Agendas must be available at least 24 hours before the meeting. A.R.S. § 38-431.02(G).

3. **Public’s Rights**

The public has a right to:          Public has no right to:

- Attend          Speak
- Listen          Disrupt
- Tape record
- Videotape
4. Calls to the Public

An open call to the public is an agenda item that allows the public to address the public body on topics of concern within the public body’s jurisdiction, even though the topic is not specifically included on the agenda. Ariz. Att’y Gen. Op. I99-006.

Although the Open Meeting Law permits the public to attend public meetings, it does not require public participation in the public body’s discussions and deliberations and does not require a public body to include an open call to the public on the agenda. See Ariz. Att’y Gen. Op. No. I78-001.

An individual public officer may respond to criticism, ask staff to review an item or ask that an item be placed on a future agenda, but he or she may not dialogue with the presenter or collectively discuss, consider, or decide an item that is not listed on the agenda. A.R.S. § 38-431.01(H); Ariz. Att’y Gen. Op. I99-006. Note that individual members of the public body may respond to criticism by individuals who addressed the public body during the call to the public, but the public body may not collectively discuss or take action on the complaint unless the matter is specifically listed on the agenda. A.R.S. § 38-431.01(H).

Public bodies may impose reasonable time, place, and manner restrictions on speakers. Restrictions must be narrowly tailored to affect a compelling state interest and may not be content based. Ariz. Att’y Gen. Op. I99-006.

A member of the public body may not knowingly direct a staff member to communicate in violation of the Open Meeting Law. A.R.S. 38-431.01(I).

In sum:

- Calls to the public are permitted, but not required.
- Should be added as an agenda item.
- Public body may limit speaker’s time.
- Public body may require speakers on the same side with no new comments to select spokesperson
- Public body may set ground rules:
  - civility
  - language
  - treat everyone the same

5. Executive Sessions

Public bodies may hold private executive sessions under a few limited circumstances. In executive sessions, the public is not allowed to attend or listen to the discussions, and the public body is not permitted to take final action. A.R.S. § 38-431.03(D).

Members of the public body may not vote or take a poll in executive sessions. A.R.S. § 38-431.03(D).
There are seven authorized topics for executive sessions:
1. Personnel (must provide 24 hours written notice to employee).
2. Discussion or consideration of records exempt by law from public inspection.
3. Legal advice – with public body’s own lawyer(s).
4. Discussion or consultation with public body’s lawyer(s) to consider pending or contemplated litigation, settlement discussions, negotiated contracts.
5. Discuss and instruct its representative regarding labor negotiations.
6. Discuss international, interstate, and tribal negotiations.
7. Discuss the purchase, sale, or lease of real property.

Notice and Agenda: Agendas for executive sessions may describe the matters to be discussed more generally than agendas for public meetings in order to preserve confidentiality or to prevent compromising the attorney-client privilege. A.R.S. § 38-431.02(I). Nonetheless, the agenda must provide more than a recital of the statute that authorizes the executive session.

6. Minutes (A.R.S. §§ 38-431.01(B), (C), (D) and -431.03(B))

Public bodies must take meeting minutes of all meetings, including executive sessions.

May be recorded or written, keeping in mind that permanent records must be on paper.

Public session meeting minutes must include:
- Date, time and place of meeting;
- Names of members of the public body present or absent;
- A general description of matters considered; and
- An accurate description of all legal actions proposed, discussed or taken, and the names of members who propose each motion. The minutes shall also include the names of the persons, as given, making statements or presenting material to the public body and a reference to the legal action about which they made statements or presented material.

Executive session minutes must include:
- Date, time and place of meeting;
- Names of members of the public body present or absent;
- A general description of matters considered;
- An accurate description of all instructions given; and
- Such other matters as may be deemed appropriate by the public body.

The minutes or a recording of the public session must be open for public inspection no later than three working days after the meeting, except as otherwise provided in the statute. A.R.S. § 38-431.01(D).
Cities and towns with a population of more than 2,500 persons must post approved city and town council minutes on its website within two working days following approval. A.R.S. § 38-431.01(E)(2).

Minutes of executive sessions must be kept confidential except from certain individuals. A.R.S. § 38-431.03(B).

How long meeting minutes are maintained is determined by the public body’s record retention and destruction schedule authorized by Arizona State Library and Archives.

Persons in attendance may record any portion of a public meeting, as long as the recording does not actively interfere with the meeting. Acceptable recording equipment includes tape recorders, cameras, or other means of reproduction. A.R.S. § 38-431.01(F).

7. Where to turn for help

Self-help resources available:
The Arizona Ombudsman – Citizens’ Aide handbook – The Arizona Open Meeting Law (available on line at www.azoca.gov under open meetings/publication)
The Arizona Ombudsman’s website, www.azoca.gov

Questions/File a complaint:
Arizona Ombudsman-Citizen’s Aide (602) 277-7292

File a complaint/Enforcement authority
Attorney General’s Open Meeting Law Enforcement Team (602) 542-5025
County Attorney’s Office