

# Maricopa County Community College District

Annual Budgeted Expenditure  
Limitation Report

Year Ended June 30, 2019

A Report to the Arizona Legislature

Lindsey A. Perry  
Auditor General





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## Audit Staff

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**LINDSEY A. PERRY**  
AUDITOR GENERAL

**ARIZONA**  
**AUDITOR GENERAL**

**MELANIE M. CHESNEY**  
DEPUTY AUDITOR GENERAL

## Independent accountants' report

Members of the Arizona State Legislature

The Governing Board of  
Maricopa County Community College District

We have examined the accompanying Annual Budgeted Expenditure Limitation Report of Maricopa County Community College District for the year ended June 30, 2019, and the related notes to the report. The District's management is responsible for presenting this report in accordance with the Uniform Expenditure Reporting System as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the Uniform Expenditure Reporting System in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Annual Budgeted Expenditure Limitation Report referred to above is presented in accordance with the Uniform Expenditure Reporting System as described in Note 1 in all material respects.

Donna Miller, CPA  
Director, Financial Audit Division

June 22, 2020

**Maricopa County Community College District  
Annual Budgeted Expenditure Limitation Report—Part I  
Year ended June 30, 2019**

1. Economic Estimates Commission expenditure limitation	\$464,052,073
2. Total amount subject to the limitation (from Part II, line C)	<u>464,052,072</u>
3. Amount under the expenditure limitation	<u>\$ 1</u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the Uniform Expenditure Reporting System.

Signature of chief fiscal officer: (Signature removed for website presentation.)

Name and title: Gary Yaquinto, Chief Financial Officer

Telephone number: (480) 731-8560 Date: June 22, 2020

See accompanying notes to report.

**Maricopa County Community College District**  
**Annual Budgeted Expenditure Limitation Report—Part II**  
**Year ended June 30, 2019**

Description	Current funds			Plant funds		Total
	Unrestricted		Restricted	Unexpended	Retirement of indebtedness	
	General	Auxiliary enterprises				
A. Total budgeted expenditures	\$ 668,465,337	\$ 39,607,403	\$ 179,947,095	\$ 34,358,870	\$ 82,127,725	\$ 1,004,506,430
B. Less exclusions claimed:						
Debt service requirements (Note 2)					82,127,725	82,127,725
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	7,504,452	1,732,573	891,625	4,335,383		14,464,033
Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts (Note 4)			136,715,831			136,715,831
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 5)	500	378,952	18,415,988			18,795,440
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 6)				6,100,596		6,100,596
Contracts with other political subdivisions or tribal governments (Note 4)		1,476,744	3,093,843			4,570,587
Tuition and fees (Note 7)	196,517,201	26,116,881				222,634,082
Amounts earned through research and entrepreneurial activities (Note 9)		3,482,830				3,482,830
Amounts received from the State of Arizona for workforce development in accordance with A.R.S. §15-1472 (Note 10)			12,159,882			12,159,882
Prior years carryforward (Note 8)	17,793,096			21,610,256		39,403,352
Total exclusions claimed	<u>221,815,249</u>	<u>33,187,980</u>	<u>171,277,169</u>	<u>32,046,235</u>	<u>82,127,725</u>	<u>540,454,358</u>
C. Amounts subject to the expenditure limitation	<u>\$ 446,650,088</u>	<u>\$ 6,419,423</u>	<u>\$ 8,669,926</u>	<u>\$ 2,312,635</u>	<u>\$ -</u>	<u>\$ 464,052,072</u>

See accompanying notes to report.

# Maricopa County Community College District

## Notes to Annual Budgeted Expenditure Limitation Report

### Year ended June 30, 2019

#### Note 1 - Summary of significant accounting policies

The Annual Budgeted Expenditure Limitation Report (ABELR) is presented as prescribed by the Uniform Expenditure Reporting System (UERS), as required by Arizona Revised Statutes (A.R.S.) §41-1279.07. The ABELR excludes expenditures of certain revenues specified in the Arizona Constitution, Article IX, §21, and A.R.S. §§15-792.03, 15-795.01, 15-1444, and 15-1472, as applicable, from the total budgeted expenditures.

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

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

#### Note 2

The exclusion claimed for debt service requirements includes the amounts reported as principal paid on capital debt and leases and interest paid on capital debt and leases on the statement of cash flows—primary government.

#### Note 3

The exclusions claimed for expended dividends, interest, and gains on the sale or redemption of investment securities of \$14,464,033 is less than the revenue amount reported on the statement of revenue, expenses, and changes in net position—primary government. The difference is explained below:

<b>Statement of revenues, expenses, and changes in net position—primary government:</b>		<b>Annual Budgeted Expenditure Limitation Report:</b>	
Investment earnings, net of investment expense	<u>\$15,398,006</u>	Dividends, interest, and gains on the sale or redemption of investment securities	\$14,464,033
		Interest income on retirement of indebtedness fund—not taken as an exclusion and not carried forward to future years under the expenditure limitation requirements	779,900
		Investment income in loan and endowment funds—not reported on ABELR	<u>154,073</u>
Total	<u>\$15,398,006</u>	Total	<u>\$15,398,006</u>

**Maricopa County Community College District  
Notes to Annual Budgeted Expenditure Limitation Report  
Year ended June 30, 2019**

**Note 4**

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

<b>Statement of revenues, expenses, and changes in net position— primary government:</b>		<b>Annual Budgeted Expenditure Limitation Report:</b>	
Government grants and contracts	<u>\$151,942,135</u>	Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts	\$136,715,831
		Contracts with other political subdivisions or tribal governments	<u>4,570,587</u>
		Total exclusion claimed	<u>141,286,418</u>
		Other revenues (nonexcludable)	<u>10,655,717</u>
Total	<u>\$151,942,135</u>	Total	<u>\$151,942,135</u>

**Note 5**

The exclusions claimed for grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes consists of amounts expended from private grants and contracts and private gifts reported on the statement of revenues, expenses, and changes in net position—primary government.

**Note 6**

The Maricopa County Community College District Governing Board approved the accumulation of \$37,985,354 for the purpose of purchasing land, buildings, or improvements or construction of buildings or improvements. Of this amount, \$6,100,596 was expended and claimed as an exclusion while \$31,884,758 was not eligible to be carried forward under the expenditure limitation requirements.

**Note 7**

The District does not budget tuition and fees revenues net of scholarship allowances. Of the gross tuition and fees of \$220,922,286 reported on the statement of revenues, expenses, and changes in net position—primary government, \$220,922,286 was expended in the general and auxiliary enterprises funds. The entire amount of the gross bookstore, concessions, and athletic ticket sales revenue of \$1,711,796 that is included in other revenue on the statement of revenues, expenses, and changes in net position-primary government was also claimed as an exclusion for a total of \$222,634,082 excluded as tuition and fees.



**Maricopa County Community College District  
Notes to Annual Budgeted Expenditure Limitation Report  
Year ended June 30, 2019**

**Note 8**

Prior year carryforward consists of constitutionally excludable revenues unexpended in the year of receipt that have been accumulated and were expended in the current year as follows:

<b>Description</b>	<b>General Fund</b>	<b>Unexpended Plant Fund</b>
Debt proceeds		\$21,610,256
Tuition and fees	<u>\$17,793,096</u>	
Total prior years carryforward expended	<u>\$17,793,096</u>	<u>\$21,610,256</u>

**Note 9**

Amounts earned through research and entrepreneurial activities are included in other revenue on the statement of revenues, expenses, and changes in net position—primary government. Of the excludable revenue, \$3,482,830 was expended and claimed as an exclusion.

**Note 10**

Amounts received from the State of Arizona for workforce development in accordance with A.R.S. §15-1472 are reported as the share of State sales tax on the statement of revenues, expenses, and changes in net position—primary government. Of these excludable revenues, \$12,159,882 was expended and claimed as an exclusion.

