



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Expenditure Limitation Report

Maricopa County Community College District

Year Ended June 30, 2011



Debra K. Davenport
Auditor General

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Maricopa County Community College District
Report on Audit of Annual Budgeted Expenditure Limitation Report
Year Ended June 30, 2011

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DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Governing Board of
Maricopa County Community College District

We have audited the accompanying Annual Budgeted Expenditure Limitation Report of Maricopa County Community College District for the year ended June 30, 2011. This report is the responsibility of the District's management. Our responsibility is to express an opinion on this report based on our audit.

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

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

In our opinion, the Annual Budgeted Expenditure Limitation Report of Maricopa County Community College District for the year ended June 30, 2011, referred to above presents fairly, in all material respects, the information required by the uniform expenditure reporting system on the basis of accounting described in Note 1.

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

Jay Zsorey, CPA
Financial Audit Director

May 15, 2012

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Maricopa County Community College District
Annual Budgeted Expenditure Limitation Report—Part I
Year Ended June 30, 2011

1. Economic Estimates Commission expenditure limitation		\$447,008,838
2. Total amount subject to the expenditure limitation (from Part II, Line C)	\$453,024,077	
3. Less expenditures of monies received pursuant to Arizona Revised Statutes §15-1472 (workforce development)	<u>6,015,240</u>	
4. Adjusted amount subject to the expenditure limitation		<u>447,008,837</u>
5. Amount under the expenditure limitation		<u>\$ 1</u>

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

Signature of Chief Fiscal Officer: _____

Name and Title: Debra Thompson, Vice Chancellor for Business Services

Telephone Number: (480) 731-8510 Date: May 15, 2012

See accompanying notes to report.

Maricopa County Community College District
Annual Budgeted Expenditure Limitation Report—Part II
Year Ended June 30, 2011

Description	Current Funds			Plant Funds		Total
	Unrestricted			Unexpended	Retirement of Indebtedness	
	General	Auxiliary Enterprises	Restricted			
A. Total budgeted expenditures	\$545,844,072	\$48,623,363	\$228,232,012	\$ 78,551,225	\$ 92,096,034	\$993,346,706
B. Less exclusions claimed:						
Debt service requirements on bonded indebtedness (Note 2)					92,096,034	92,096,034
Debt service requirements on other long-term obligations (Note 2)				26,062		26,062
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	772,850	54,331	23,829	66,561		917,571
Grants and aid from the federal government (Note 4)			196,755,823			196,755,823
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 5)		275,749	14,613,022			14,888,771
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 6)				1,067,705		1,067,705
Contracts with other political subdivisions (Note 4)		586,332	1,890,013			2,476,345
Tuition and fees (Note 7)	150,478,055	12,733,383	76,114			163,287,552
Prior years carryforward (Note 8)				68,806,766		68,806,766
Total exclusions claimed	<u>151,250,905</u>	<u>13,649,795</u>	<u>213,358,801</u>	<u>69,967,094</u>	<u>92,096,034</u>	<u>540,322,629</u>
C. Amounts subject to the expenditure limitation	<u>\$394,593,167</u>	<u>\$34,973,568</u>	<u>\$ 14,873,211</u>	<u>\$ 8,584,131</u>	<u>\$ -</u>	<u>\$453,024,077</u>

See accompanying notes to report.

Maricopa County Community College District
Notes to Annual Budgeted Expenditure Limitation Report
Year Ended June 30, 2011

Note 1 – Summary of Significant Accounting Policies

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

The information reported in both the ABELR and the financial statements is derived from the same underlying accounting data. However, the formats of the ABELR and the financial statements differ. The ABELR presents budgeted expenditures, exclusions, and amounts subject to the limitation by fund type as required by A.R.S. §41-1279.07. The financial statements present the net assets, changes in net assets, and cash flows 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 – Exclusions claimed for debt service requirements on bonded indebtedness and debt service requirements on other long-term obligations are \$92,096,034 and \$26,062, respectively. Both amounts are included in 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 amount of \$1,227,634 was reported as investment earnings, net of investment expense on the Statement of Revenues, Expenses, and Changes in Net Assets—Primary Government. The amount of exclusions claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$917,571 is less than the amount reported on the Statement of Revenues, Expenses, and Changes in Net Assets—Primary Government. The difference is explained below:

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

Primary Government:

Investment earnings, net of investment expense	<u>\$1,227,634</u>
Total	<u>\$1,227,634</u>

ABELR:

Exclusions claimed	\$ 917,571
Interest income on Retirement of Indebtedness Fund—not taken as an exclusion and carried forward to future years	82,126
Investment income in Loan and Endowment Funds—not reported on ABELR	<u>227,937</u>
Total	<u>\$1,227,634</u>

Maricopa County Community College District
Notes to Annual Budgeted Expenditure Limitation Report
Year Ended June 30, 2011

Note 4 – The following schedule presents revenues from which exclusions have been claimed for grants and aid from the federal government and contracts with other political subdivisions:

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

Primary Government:

Government grants and
contracts \$205,301,100

Total \$205,301,100

ABELR:

Grants and aid from the federal
government \$196,755,823

Contracts with other political
subdivisions 2,476,345

Total exclusions claimed 199,232,168

Amount carried forward 346,698

Other revenues
(nonexcludable) 5,722,234

Total \$205,301,100

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 consist of amounts expended from private grants and contracts and private gifts reported on the Statement of Revenues, Expenses, and Changes in Net Assets—Primary Government.

Note 6 – The Maricopa County Community College District Governing Board approved the accumulation of \$3,732,034 for the purpose of purchasing land, buildings, or improvements or construction of buildings or improvements. Of this amount, \$1,067,705 was claimed as an exclusion while \$2,664,329 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 \$238,931,566 reported on the Statement of Revenues, Expenses, and Changes in Net Assets—Primary Government, only \$163,287,552 was expended and claimed as an exclusion. Of the remaining balance of \$75,644,014, only \$25,053,863 has been carried forward to future years because \$50,590,151 was not eligible to be carried forward under the expenditure limitation requirements.

Note 8 – Prior years carryforward of \$68,806,766 in the Unexpended Plant Fund consists of constitutionally excludable bond proceeds unexpended in the year of receipt that have been accumulated and were expended in the current year.

