



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Expenditure Limitation Report

Maricopa County Community College District

Year Ended June 30, 2006



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, 2006

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DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

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

WILLIAM THOMSON
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, 2006. 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, 2006, referred to above presents fairly, in all material respects, the information required by the uniform expenditure reporting system on the basis of accounting described in Note 1.

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

Dennis L. Mattheisen, CPA
Financial Audit Director

February 15, 2007

Maricopa County Community College District
Annual Budgeted Expenditure Limitation Report—Part I
Year Ended June 30, 2006

1. Economic Estimates Commission expenditure limitation		\$398,312,386
2. Total amount subject to the expenditure limitation (from Part II, Line C)	\$347,375,534	
3. Less expenditures of monies received pursuant to Arizona Revised Statutes §15-1472 (workforce development)	<u>6,691,205</u>	
4. Adjusted amount subject to the expenditure limitation		<u>340,684,329</u>
5. Amount under the expenditure limitation		<u>\$ 57,628,057</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: February 15, 2007

See accompanying notes to report.

Maricopa County Community College District
Annual Budgeted Expenditure Limitation Report—Part II
Year Ended June 30, 2006

Description	Current Funds			Plant Funds		Total
	Unrestricted		Restricted	Unexpended	Retirement of Indebtedness	
	General	Auxiliary Enterprises				
A. Total budgeted expenditures	\$ 425,926,064	\$ 69,150,046	\$ 89,751,473	\$ 54,685,430	\$ 44,863,664	\$ 684,376,677
B. Less exclusions claimed:						
Debt service requirements on bonded indebtedness (Note 2)					44,177,614	44,177,614
Debt service requirements on other long-term obligations (Note 2)				169,231		169,231
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	3,932,570	1,571,324				5,503,894
Grants and aid from the federal government (Note 4)			63,164,890			63,164,890
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 5)		185,839	12,275,622			12,461,461
Amounts received from the State of Arizona for the purchase or construction of building and improvements (Note 6)				7,530,788		7,530,788
Contracts with other political subdivisions (Note 4)		3,509,277	1,628,053			5,137,330
Tuition and fees (Note 7)	111,545,089	47,647,563				159,192,652
Prior years carryforward (Note 8)				38,977,233	686,050	39,663,283
Total exclusions claimed	115,477,659	52,914,003	77,068,565	46,677,252	44,863,664	337,001,143
C. Amounts subject to the expenditure limitation	\$ 310,448,405	\$ 16,236,043	\$ 12,682,908	\$ 8,008,178	\$ -	\$ 347,375,534

See accompanying notes to report.

Maricopa County Community College District
Notes to Annual Budgeted Expenditure Limitation Report
Year Ended June 30, 2006

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 \$44,177,614 and \$169,231, respectively. Both amounts are 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 exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities consists of interest on investments expended, which was recorded as investment income, net of investment expense on the Statement of Revenues, Expenses, and Changes in Net Assets—Primary Government. \$10,829,681 of the remaining balance has been carried forward to future years.

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:

Maricopa County Community College District
Notes to Annual Budgeted Expenditure Limitation Report
Year Ended June 30, 2006

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

Primary Government:

Government grants and contracts	<u>\$72,198,419</u>
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Total	<u>\$72,198,419</u>
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ABELR:

Grants and aid from the federal government	\$63,164,890
Contracts with other political subdivisions	<u>5,137,330</u>
Total exclusion claimed	<u>68,302,220</u>
Other revenues (nonexcludable)	2,223,937
Amount carried forward	<u>1,672,262</u>
Total	<u>\$72,198,419</u>

Note 5 - The exclusion 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 operating revenues private grants and contracts and nonoperating revenues private gifts reported on the Statement of Revenues, Expenses, and Changes in Net Assets—Primary Government. The remaining amount of \$1,552,499 was carried forward to future years.

Note 6 - Amounts received from the State of Arizona for the purchase or construction of buildings and improvements of \$10,977,900 are included in capital appropriations reported on the Statement of Revenues, Expenses, and Changes in Net Assets—Primary Government. Of these excludable revenues, only \$7,530,788 was expended and claimed as an exclusion. The remaining balance of \$3,447,112 has been carried forward to future years.

Note 7 - The District budgets scholarships as revenues. Of the gross tuition and fees reported on the Statement of Revenues, Expenses, and Changes in Net Assets—Primary Government, only \$159,192,652 was expended and claimed as an exclusion. \$1,257,416 of the remaining balance has been carried forward to future years.

Note 8 - Prior years 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:

Description	Unexpended Plant Fund	Retirement of Indebtedness Plant Fund
Dividends, interest, and gains on the sale or redemption of investment securities		\$686,050
Unspent bond proceeds	<u>\$38,977,233</u>	
Total prior years carryforward expended	<u>\$38,977,233</u>	<u>\$686,050</u>