



A REPORT  
TO THE  
ARIZONA LEGISLATURE

Financial Audit Division

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Annual Expenditure Limitation Report

# Maricopa County Community College District

Year Ended June 30, 2003

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**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, 2003

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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, 2003. This report is the responsibility of the District's management. Our responsibility is to express an opinion on this report based on our audit.

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

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

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

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

Dennis L. Mattheisen, CPA  
Financial Audit Director

February 18, 2004

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

1. Economic Estimates Commission expenditure limitation		\$270,802,318
2. Total amount subject to the expenditure limitation (from Part II, Line C)	\$288,507,316	
3. Less expenditures of monies received pursuant to Arizona Revised Statutes §15-1472 (workforce development)	<u>3,824,135</u>	
4. Adjusted amount subject to the expenditure limitation		<u>284,683,181</u>
5. Amount under (in excess of) the expenditure limitation		<u>\$ (13,880,863)</u>

(The District claimed just enough exclusions to have the amount in excess of the expenditure limitation to be an amount that allows the District to take full advantage of the reduced penalty under Senate Bill 1246, Laws 2001, Chapter 362, section 1.)

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, Acting Vice Chancellor for Business Services

Telephone Number: (480) 731-8510 Date: February 18, 2004

See accompanying notes to report.

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

Description	Current Funds			Plant Funds		Total
	Unrestricted		Restricted	Unexpended	Retirement of Indebtedness	
	General	Auxiliary Enterprises				
A. Total budgeted expenditures	\$ 339,329,840	\$ 45,736,267	\$ 86,261,876	\$ 40,254,392	\$ 37,901,624	\$ 549,483,999
B. Less exclusions claimed:						
Bond proceeds (Note 2)				24,493,602		24,493,602
Debt service requirements on bonded indebtedness (Note 3)					37,901,624	37,901,624
Debt service requirements on other long-term obligations (Note 3)				99,781		99,781
Dividends, interest, and gains on the sale or redemption of investment securities (Note 4)			52,764	656,334		709,098
Trustee or custodian (Note 5)			276,813			276,813
Grants and aid from the federal government (Note 6)			58,371,653			58,371,653
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 7)		187,256	12,833,737	127,284		13,148,277
Amounts received from the State of Arizona for the purchase of land, and the purchase or construction of buildings or improvements (Note 8)				8,309,800		8,309,800
Contracts with other political subdivisions (Note 6)			1,204,810			1,204,810
Tuition and fees (Note 9)	<u>74,680,835</u>	<u>38,730,869</u>	<u>3,049,521</u>			<u>116,461,225</u>
Total exclusions claimed	<u>74,680,835</u>	<u>38,918,125</u>	<u>75,789,298</u>	<u>33,686,801</u>	<u>37,901,624</u>	<u>260,976,683</u>
C. Amounts subject to the expenditure limitation	<u>\$ 264,649,005</u>	<u>\$ 6,818,142</u>	<u>\$ 10,472,578</u>	<u>\$ 6,567,591</u>	<u>\$ -</u>	<u>\$ 288,507,316</u>

See accompanying notes to report.

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

Note 1 - Summary of Significant Accounting Policies

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

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

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

Note 2 - Of the \$33,311,342 reported as a purchase of capital assets on the Statement of Cash Flows, only \$24,493,602 was expended from bond proceeds and claimed as an exclusion. The remaining \$8,817,740 was not excludable.

Note 3 - Exclusions claimed for debt service requirements on bonded indebtedness and debt service requirements on other long-term obligations 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.

Note 4 - The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities exceeds investment income, net of investment expense of (\$1,626,924) reported on the Statement of Revenues, Expenses, and Changes in Net Assets. Of the investment income, net of investment expense reported on the Statement of Revenues, Expenses, and Changes in Net Assets, \$709,098 was reported as investment income in the Restricted and Unexpended Plant Funds and is reported as an exclusion. The difference consist of reductions to prior year carryforwards in the General, Auxiliary Enterprises, and Retirement of Indebtedness Funds of (\$1,577,585), (\$483,053), and (\$331,619) respectively. The balance of this financial statement line item is not excludable.

Note 5 - The exclusion claimed for trustee or custodian is included in state appropriations reported on the Statement of Revenues, Expenses, and Changes in Net Assets. The balance of the state appropriations financial statement line item is not excludable.

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

- Note 6 - Government grants and contracts revenues of \$64,190,024 reported on the Statement of Revenues, Expenses, and Changes in Net Assets include \$58,371,653 from federal grants and contracts, and \$1,204,810 from state appropriations received pursuant to a contract with the State Board of Education for operating a charter school that is not a legal entity separate from the District. The remaining \$4,613,561 consists of nonexcludable state and local revenues.
- Note 7 - Exclusions claimed for grants, aid, contributions, or gifts from a private agency, organization, or individual, in the Auxiliary Enterprises and Restricted Funds are included in the amounts reported as operating private grants and contracts and nonoperating private gifts on the Statement of Revenues, Expenses, and Changes in Net Assets. The exclusion claimed in the Unexpended Plant Fund is included in the amount reported as capital grants and gifts on the Statement of Revenues, Expenses, and Changes in Net Assets. The balances of these financial statement line items are not excludable.
- Note 8 - Amounts received from the State of Arizona for the purchase of land, and the purchase or construction of buildings or improvements are included in capital appropriations reported on the Statement of Revenues, Expenses, and Changes in Net Assets.
- Note 9 - Exclusions claimed for tuition and fees include the amount of scholarship allowance reported on the Statement of Revenues, Expenses, and Changes in Net Assets. Of the tuition and fees of \$118,521,863 reported on the Statement of Revenues, Expenses, and Changes in Net Assets, only \$116,461,225 was claimed as an exclusion. The remaining \$2,060,638 has been carried forward to future years.