



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Expenditure Limitation Report

Yuma/La Paz Counties Community College District

(Arizona Western College)

Year Ended June 30, 2010



Debra K. Davenport
Auditor General

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Yuma/La Paz Counties Community College District
(Arizona Western College)
Report on Audit of Annual Budgeted Expenditure Limitation Report
Year Ended June 30, 2010

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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
Yuma/La Paz Counties Community College District

We have audited the accompanying Annual Budgeted Expenditure Limitation Report of Yuma/La Paz Counties Community College District for the year ended June 30, 2010. 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 Yuma/La Paz Counties Community College District for the year ended June 30, 2010, 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

March 14, 2011

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Yuma/La Paz Counties Community College District
(Arizona Western College)
Annual Budgeted Expenditure Limitation Report—Part I
Year Ended June 30, 2010

| | | |
|--|------------------|---------------------|
| 1. Economic Estimates Commission expenditure limitation | | \$41,096,262 |
| 2. Total amount subject to the expenditure limitation (from Part II, Line C) | \$32,396,358 | |
| 3. Less expenditures of monies received pursuant to Arizona Revised Statutes (A.R.S.) §15-1472 (workforce development) | <u>(715,686)</u> | |
| 4. Adjusted amount subject to the expenditure limitation | | <u>31,680,672</u> |
| 5. Amount under the expenditure limitation | | <u>\$ 9,415,590</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: Daniel D. Hann, Vice President for Administrative Services

Telephone Number: (928) 344-7515 Date: March 14, 2011

See accompanying notes to report.

Yuma/La Paz Counties Community College District
 (Arizona Western College)
 Annual Budgeted Expenditure Limitation Report—Part II
 Year Ended June 30, 2010

| Description | Current Funds | | | Plant Funds | | Total |
|---|----------------------|--------------------------|---------------------|-------------------|-------------------------------|----------------------|
| | Unrestricted | | Restricted | Unexpended | Retirement of Indebtedness | |
| | General | Auxiliary Enterprises | | | | |
| A. Total budgeted expenditures | \$ 33,901,102 | \$ 5,191,389 | \$ 26,388,186 | \$ 2,126,747 | \$ 5,855,536 | \$ 73,462,960 |
| B. Less exclusions claimed: | | | | | | |
| Debt service requirements on bonded indebtedness (Note 2) | | | | | 5,855,536 | 5,855,536 |
| Dividends, interest, and gains on the sale or redemption of investment securities (Note 3) | 150,405 | 3,048 | 70 | 28,122 | | 181,645 |
| Grants and aid from the federal government (Note 4) | | 46,526 | 24,283,678 | | | 24,330,204 |
| Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes | | | 501,781 | | | 501,781 |
| Interfund transactions (Note 5) | 197,195 | | | | | 197,195 |
| Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 6) | | | | 1,870,483 | | 1,870,483 |
| Tuition and fees (Note 7) | <u>5,902,641</u> | <u>2,227,117</u> | | | | <u>8,129,758</u> |
| Total exclusions claimed | <u>6,250,241</u> | <u>2,276,691</u> | <u>24,785,529</u> | <u>1,898,605</u> | <u>5,855,536</u> | <u>41,066,602</u> |
| C. Amounts subject to the expenditure limitation | <u>\$ 27,650,861</u> | <u>\$ 2,914,698</u> | <u>\$ 1,602,657</u> | <u>\$ 228,142</u> | <u>\$ -</u> | <u>\$ 32,396,358</u> |

See accompanying notes to report.

Yuma/La Paz Counties Community College District
(Arizona Western College)
Notes to Annual Budgeted Expenditure Limitation Report
Year Ended June 30, 2010

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 - The exclusion claimed for debt service requirements on bonded indebtedness of \$5,855,536 is composed of the amounts reported as principal paid on capital debt and interest paid on capital debt on the Statement of Cash Flows—Primary Government.

Note 3 - Of the investment earnings of \$238,184 reported on the Statement of Revenues, Expenses, and Changes in Net Assets—Primary Government, only \$181,645 was expended and claimed as an exclusion. The remaining \$56,539 consists of \$459 of interest in the Loan Fund, which was not excludable, and \$56,080 was investment earnings of the Retirement of Indebtedness Fund, which has been carried forward to future years.

Note 4 - Government grants revenue of \$24,993,176 reported on the Statement of Revenues, Expenses, and Changes in Net Assets—Primary Government includes \$24,330,204 from federal grants.

Note 5 - The exclusion of \$197,195 claimed for interfund transactions in the General Fund are amounts expended from indirect cost recoveries that were budgeted for as General Fund revenue and Restricted Fund expense. These indirect cost recoveries were eliminated from the financial statements for financial reporting purposes because they do not represent transactions to external parties.

Note 6 - The exclusion of \$1,870,483 claimed for amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements consists of monies accumulated in the Unexpended Plant Fund, with the District Governing Board's approval, used for building improvements and is included in the amount reported as purchases of capital assets on the Statement of Cash Flows—Primary Government.

Yuma/La Paz Counties Community College District
(Arizona Western College)
Notes to Annual Budgeted Expenditure Limitation Report
Year Ended June 30, 2010

Note 7 - The District does not budget tuition and fees revenue net of scholarship allowances. Of the gross tuition and fees of \$10,839,678 reported on the Statement of Revenues, Expenses, and Changes in Net Assets—Primary Government, only \$8,129,758 was expended and claimed as an exclusion. The remaining \$2,709,920 has been carried forward to future years.

