

Maricopa County Community College District

Expenditure Limitation Report

Year Ended June 30, 2017



A Report to the Arizona Legislature

Lindsey Perry
Auditor General





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LINDSEY PERRY, CPA, CFE
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
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, 2017, 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 information prescribed by the uniform expenditure reporting system as described in note 1 in all material respects.

Jay Zsorey, CPA
Director, Financial Audit Division

June 25, 2018



**Maricopa County Community College District
Annual budgeted expenditure limitation report—part I
Year ended June 30, 2017**

1. Economic Estimates Commission expenditure limitation	\$455,908,951
2. Amount subject to the expenditure limitation (total amount from part II, line C)	<u>442,006,327</u>
3. Amount under the expenditure limitation	<u>\$ 13,902,624</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: Elliott Hibbs, Chief Operating Officer and Interim Vice Chancellor for Business Services

Telephone number: (480) 731-8638 Date: June 25, 2018

See accompanying notes to report.

Maricopa County Community College District
Annual budgeted expenditure limitation report—part II
Year ended June 30, 2017

Description	Current funds			Plant funds		Total
	Unrestricted		Restricted	Unexpended	Retirement of indebtedness	
	General	Auxiliary enterprises				
A. Total budgeted expenditures	\$621,649,384	\$50,280,176	\$180,864,442	\$ 39,953,138	\$308,504,279	\$1,201,251,419
B. Less exclusions claimed:						
Debt service requirements (Note 2)					308,504,279	308,504,279
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	1,031,417	258,125	212,026	1,351,419		2,852,987
Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts (Note 4)			149,791,725			149,791,725
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 5)		444,452	17,637,309			18,081,761
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 6)				7,081,789		7,081,789
Contracts with other political subdivisions or tribal governments (Note 4)		1,743,476	2,754,585			4,498,061
Tuition and fees (Note 7)	198,919,136	28,412,598	159,604			227,491,338
Amounts received through research and entrepreneurial activities (Note 9)		2,933,519				2,933,519
Amounts received from the State of Arizona for workforce development in accordance with A.R.S. §15-1472 (Note 10)			4,879,709			4,879,709
Prior years carryforward (Note 8)		4,909,893		28,220,031		33,129,924
Total exclusions claimed	<u>199,950,553</u>	<u>38,702,063</u>	<u>175,434,958</u>	<u>36,653,239</u>	<u>308,504,279</u>	<u>759,245,092</u>
C. Amounts subject to the expenditure limitation	<u>\$421,698,831</u>	<u>\$11,578,113</u>	<u>\$ 5,429,484</u>	<u>\$ 3,299,899</u>	<u>\$ -</u>	<u>\$ 442,006,327</u>

See accompanying notes to report.

Maricopa County Community College District

Notes to annual budgeted expenditure limitation report

Year ended June 30, 2017

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 interest paid on capital debt on the statement of cash flows—primary government.

Note 3

The amount of \$3,117,805 was reported as investment earnings, net of investment expense on the statement of revenues, expenses, and changes in net position—primary government. The amount of exclusions claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$2,852,987 is less than the amount reported on the statement of revenues, expenses, and changes in net position—primary government. The difference is explained below:

Statement of revenues, expenses and changes in net position—primary government:		Annual budgeted expenditure limitation report:	
Investment earnings, net of investment expense	<u>\$3,117,805</u>	Dividends, interest, and gains on the sale or redemption of investment securities	\$2,852,987
		Interest income on retirement of indebtedness fund—not taken as an exclusion and not carried forward to future years under the expenditure limitation requirements	177,407
		Investment income in loan and endowment funds—not reported on ABELR	<u>87,411</u>
Total	<u>\$3,117,805</u>	Total	<u>\$3,117,805</u>

Maricopa County Community College District
Notes to annual budgeted expenditure limitation report
Year ended June 30, 2017

Note 4

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

Statement of revenues, expenses and changes in net position—primary government:		Annual budgeted expenditure limitation report:	
Government grants and contracts	<u>\$156,248,765</u>	Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts	\$149,791,725
		Contracts with other political subdivisions or tribal governments	<u>4,498,061</u>
		Total exclusion claimed	<u>154,289,786</u>
		Other revenues (nonexcludable)	<u>1,958,979</u>
Total	<u>\$156,248,765</u>	Total	<u>\$156,248,765</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, consist 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 \$12,799,110 for the purpose of purchasing land, buildings, or construction of buildings or improvements. Of this amount, \$7,081,789 was expended and claimed as an exclusion while \$5,717,321 was not eligible to be carried forward under the expenditure limitation requirements.

Note 7

The District does not budget tuition and fees revenue net of scholarship allowances. Of the gross tuition and fees of \$230,048,973 reported on the statement of revenues, expenses, and changes in net position—primary government, \$225,744,767 was expended in the general, auxiliary enterprises, and restricted funds. The remaining balance of \$4,304,205 has been carried forward to future years. The entire amount of the gross bookstore, concessions, and athletic ticket sales revenue of \$1,746,571 was also claimed as an exclusion for a total of \$227,491,338 excluded as tuition and fees.

Maricopa County Community College District
Notes to annual budgeted expenditure limitation report
Year ended June 30, 2017

Note 8

Prior years carryforward of \$4,909,893 and \$28,220,031 in the auxiliary enterprises and unexpended plant funds, respectively, consist of constitutionally excludable revenues unexpended in the year of receipt that have been accumulated and were expended in the current year.

Note 9

Amounts received 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, \$2,933,519 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, only \$4,879,709 was expended and claimed as an exclusion. The remaining \$5,395,616 has been carried forward to future years.

