

Maricopa County Community College District

Expenditure Limitation Report

Year Ended June 30, 2016



A Report to the Arizona Legislature

Debra K. Davenport
Auditor General





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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 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, 2016. The District's management is responsible for this report. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the annual budgeted expenditure limitation report referred to above presents, in all material respects, the information prescribed by the uniform expenditure reporting system as described in Note 1.

Jay Zsorey, CPA
Financial Audit Director

April 28, 2017



**Maricopa County Community College District
Annual budgeted expenditure limitation report—part I
Year ended June 30, 2016**

1. Economic Estimates Commission expenditure limitation		\$451,524,053
2. Total amount subject to the expenditure limitation (from Part II, Line C)	\$451,010,048	
3. Less expenditures of monies received pursuant to Arizona Revised Statutes (A.R.S.) §15-1472 (workforce development)	<u>5,486,366</u>	
4. Adjusted amount subject to the expenditure limitation		<u>445,523,682</u>
5. Amount under the expenditure limitation		<u>\$ 6,000,371</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: Gaye Murphy, Vice Chancellor for Business Services

Telephone Number: (480) 731-8638 Date: April 28, 2017

See accompanying notes to report.

Maricopa County Community College District
Annual budgeted expenditure limitation report—part II
Year ended June 30, 2016

Description	Current funds			Plant funds		Total
	Unrestricted		Restricted	Unexpended	Retirement of indebtedness	
	General	Auxiliary enterprises				
A. Total budgeted expenditures	\$610,069,724	\$55,095,748	\$189,786,036	\$ 63,276,458	\$ 83,535,644	\$1,001,763,610
B. Less exclusions claimed:						
Debt service requirements on bonded indebtedness (Note 2)					83,535,644	83,535,644
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	1,449,791	452,301	78,136	1,261,455		3,241,683
Grants and aid from the federal government (Note 4)			159,829,022			159,829,022
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 5)		359,831	17,465,396			17,825,227
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 6)				8,338,092		8,338,092
Contracts with other political subdivisions (Note 4)		1,650,578	2,660,390			4,310,968
Tuition and fees (Note 7)	203,352,503	22,641,049	48,984			226,042,536
Prior years carryforward (Note 8)				47,630,390		47,630,390
Total exclusions claimed	<u>204,802,294</u>	<u>25,103,759</u>	<u>180,081,930</u>	<u>57,229,937</u>	<u>83,535,644</u>	<u>550,753,562</u>
C. Amounts subject to the expenditure limitation	<u>\$405,267,430</u>	<u>\$29,991,989</u>	<u>\$ 9,704,108</u>	<u>\$ 6,046,521</u>	<u>\$ -</u>	<u>\$ 451,010,048</u>

See accompanying notes to report.

**Maricopa County Community College District
Notes to annual budgeted expenditure limitation report
Year ended June 30, 2016**

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, 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

Exclusions claimed for debt service requirements on bonded indebtedness are \$83,535,644. This amount is included in 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 \$3,753,419 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 \$3,241,683 is less than the amount reported on the statement of revenue, 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>\$3,753,419</u>	Dividends, interest, and gains on the sale or redemption of investment securities.	\$3,241,683
		Interest income on retirement of indebtedness fund—not taken as an exclusion and not carried forward to future years under the expenditure limitation requirements	85,548
		Investment income in loan and endowment funds—not reported on ABELR	<u>426,188</u>
Total	<u>\$3,753,419</u>	Total	<u>\$3,753,419</u>

Maricopa County Community College District
Notes to annual budgeted expenditure limitation report
Year ended June 30, 2016

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 position—primary government:		Annual budgeted expenditure limitation report:	
Government grants and contracts	<u>\$167,627,461</u>	Grants and aid from the federal government	\$159,829,024
		Contracts with other political subdivisions	<u>4,310,968</u>
		Total exclusion claimed	<u>164,139,992</u>
		Other revenues (nonexcludable)	<u>3,487,469</u>
Total	<u>\$167,627,461</u>	Total	<u>\$167,627,461</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 consists 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 \$9,852,022 for the purpose of purchasing land, buildings, or improvements or construction of buildings or improvements. Of this amount, \$8,338,092 was expended and claimed as an exclusion while \$1,513,930 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 \$233,523,859 reported on the statement of revenues, expenses, and changes in net position—primary government, \$226,042,536 was expended in the general, auxiliary enterprises, and restricted funds. The remaining balance of \$7,481,323 has been carried forward to future years.

Note 8

Prior year carryforward of \$47,630,390 in the unexpended plant fund consists of constitutionally excludable revenues unexpended in the year of receipt that have been accumulated and were expended in the current year.

