

Maricopa County Community College District

Annual Budgeted Expenditure
Limitation Report

Year Ended June 30, 2020

A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





The Arizona Auditor General's mission is to provide independent and impartial information and specific recommendations to improve the operations of State and local government entities. To this end, the Office provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits and special reviews of school districts, State agencies, and the programs they administer.

The Joint Legislative Audit Committee

Senator **Nancy Barto**, Chair
Senator **Rosanna Gabaldon**
Senator **David Livingston**
Senator **Juan Mendez**
Senator **Kelly Townsend**
Senator **Karen Fann** (ex officio)

Representative **Joanne Osborne**, Vice Chair
Representative **Tim Dunn**
Representative **Steve Kaiser**
Representative **Jennifer L. Longdon**
Representative **Pamela Powers Hannley**
Representative **Rusty Bowers** (ex officio)

Audit Staff

Donna Miller, Director
Taryn Stangle, Manager

Contact Information

Arizona Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018-7271

(602) 553-0333

contact@azauditor.gov

www.azauditor.gov



TABLE OF CONTENTS

Independent accountants' report	1
Annual Budgeted Expenditure Limitation Report—Part I	2
Annual Budgeted Expenditure Limitation Report—Part II	3
Notes to Annual Budgeted Expenditure Limitation Report	4



LINDSEY A. PERRY
AUDITOR GENERAL

ARIZONA
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, 2020, 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 Uniform Expenditure Reporting System as described in Note 1 in all material respects.

Donna Miller

Donna Miller, CPA
Director, Financial Audit Division

June 17, 2021

**Maricopa County Community College District
Annual Budgeted Expenditure Limitation Report—Part I
Year ended June 30, 2020**

1. Economic Estimates Commission expenditure limitation	\$470,093,747
2. Total amount subject to the limitation (from Part II, line C)	<u>470,093,746</u>
3. Amount under the expenditure limitation	<u>\$ 1</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: (Signature removed for website presentation.)

Name and title: Gary Yaquinto, Chief Financial Officer

Telephone number: (480) 731-8560 Date: June 17, 2021

See accompanying notes to report.

**Maricopa County Community College District
Annual Budgeted Expenditure Limitation Report—Part II
Year ended June 30, 2020**

Description	Current funds			Plant funds		Total
	Unrestricted		Restricted	Unexpended	Retirement of indebtedness	
	General	Auxiliary enterprises				
A. Total budgeted expenditures	\$ 677,368,270	\$ 47,027,850	\$ 212,336,902	\$ 37,455,920	\$ 82,846,625	\$ 1,057,035,567
B. Less exclusions claimed:						
Debt service requirements (Note 2)					82,846,625	82,846,625
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	6,614,875	1,530,427	447,676	3,317,521		11,910,499
Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts (Note 4)			162,410,207			162,410,207
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 5)	10,000	332,192	19,997,205			20,339,397
Amounts accumulated for the purchase of land, and the purchase or construction of buildings and improvements (Note 6)				4,757,596		4,757,596
Contracts with other political subdivisions or tribal governments (Note 4)		1,671,062	4,477,520			6,148,582
Tuition and fees (Note 7)	198,006,888	23,489,972				221,496,860
Amounts earned through research and entrepreneurial activities (Note 9)		2,625,635				2,625,635
Amounts received from the State of Arizona for workforce development in accordance with A.R.S. §15-1472 (Note 10)			13,141,052			13,141,052
Prior years carryforward (Note 8)	38,025,580	17,378,562	5,861,226			61,265,368
Total exclusions claimed	242,657,343	47,027,850	206,334,886	8,075,117	82,846,625	586,941,821
C. Amounts subject to the expenditure limitation	\$ 434,710,927	\$ -	\$ 6,002,016	\$ 29,380,803	\$ -	\$ 470,093,746

See accompanying notes to report.

Maricopa County Community College District

Notes to Annual Budgeted Expenditure Limitation Report

Year ended June 30, 2020

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 exclusions claimed for expended dividends, interest, and gains on the sale or redemption of investment securities of \$11,910,499 is less than the revenue 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>\$12,207,503</u>	Dividends, interest, and gains on the sale or redemption of investment securities	\$11,910,499
		Interest income on retirement of indebtedness fund—not taken as an exclusion and not carried forward to future years under the expenditure limitation requirements	282,908
		Investment income in loan and endowment funds—not reported on ABELR	<u>14,096</u>
Total	<u>\$12,207,503</u>	Total	<u>\$12,207,503</u>

Maricopa County Community College District

Notes to Annual Budgeted Expenditure Limitation Report

Year ended June 30, 2020

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>\$171,092,323</u>	Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts	\$162,410,207
		Contracts with other political subdivisions or tribal governments	<u>6,148,582</u>
		Total exclusions claimed	<u>168,558,789</u>
		Other revenues (nonexcludable)	<u>2,533,534</u>
Total	<u>\$171,092,323</u>	Total	<u>\$171,092,323</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 \$25,634,971 for the purpose of purchasing land, buildings, or improvements or construction of buildings or improvements. Of this amount, \$4,757,596 was expended and claimed as an exclusion while \$20,877,375 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 \$220,203,119 reported on the statement of revenues, expenses, and changes in net position—primary government, \$220,203,119 was expended in the General and Auxiliary Enterprises funds. The entire amount of the gross bookstore, concessions, and athletic ticket sales revenue of \$1,293,741 that is included in other revenue on the statement of revenues, expenses, and changes in net position—primary government was also claimed as an exclusion for a total of \$221,496,860 excluded as tuition and fees.

Maricopa County Community College District
Notes to Annual Budgeted Expenditure Limitation Report
Year ended June 30, 2020

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	Current general fund	Current auxiliary enterprises fund	Current restricted fund
Tuition and fees	\$38,025,580	\$17,378,562	
Amounts received from the State of Arizona for workforce development in accordance with A.R.S. §15-1472			\$5,861,226
Total prior years carryforward expended	<u>\$38,025,580</u>	<u>\$17,378,562</u>	<u>\$5,861,226</u>

Note 9

Amounts earned 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, \$2,625,635 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, \$13,141,052 was expended and claimed as an exclusion.

