



A REPORT  
TO THE  
ARIZONA LEGISLATURE

Financial Audit Division

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Expenditure Limitation Report

# Maricopa County Community College District

Year Ended June 30, 2007

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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, 2007

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**STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL**

**DEBRA K. DAVENPORT, CPA**  
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, 2007. 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, 2007, 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 28, 2008

Maricopa County Community College District  
Annual Budgeted Expenditure Limitation Report—Part I  
Year Ended June 30, 2007

1. Economic Estimates Commission expenditure limitation		\$412,695,296
2. Total amount subject to the expenditure limitation (from Part II, Line C)	\$376,669,596	
3. Less expenditures of monies received pursuant to Arizona Revised Statutes §15-1472 (workforce development)	<u>8,266,078</u>	
4. Adjusted amount subject to the expenditure limitation		<u>368,403,518</u>
5. Amount under the expenditure limitation		<u>\$ 44,291,778</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: Debra Thompson, Vice Chancellor for Business Services

Telephone Number: (480) 731-8510 Date: February 28, 2008

See accompanying notes to report.

Maricopa County Community College District  
Annual Budgeted Expenditure Limitation Report—Part II  
Year Ended June 30, 2007

Description	Current Funds			Plant Funds		Total
	Unrestricted		Restricted	Unexpended	Retirement of Indebtedness	
	General	Auxiliary Enterprises				
A. Total budgeted expenditures	\$ 460,018,040	\$ 70,350,173	\$ 89,194,832	\$ 110,389,864	\$ 49,567,734	\$ 779,520,643
B. Less exclusions claimed:						
Debt service requirements on bonded indebtedness (Note 2)					49,567,734	49,567,734
Debt service requirements on other long-term obligations (Note 2)				162,441		162,441
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	5,918,238	2,003,677				7,921,915
Grants and aid from the federal government (Note 4)			60,106,263			60,106,263
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 5)		227,226	16,720,853			16,948,079
Amounts received from the State of Arizona for the purchase of land, and the purchase or construction of buildings or improvements (Note 6)				9,884,517		9,884,517
Contracts with other political subdivisions (Note 4)		3,609,313	1,553,699			5,163,012
Tuition and fees (Note 7)	117,082,492	41,910,897				158,993,389
Prior years carryforward (Note 8)				94,103,697		94,103,697
Total exclusions claimed	<u>123,000,730</u>	<u>47,751,113</u>	<u>78,380,815</u>	<u>104,150,655</u>	<u>49,567,734</u>	<u>402,851,047</u>
C. Amounts subject to the expenditure limitation	<u>\$ 337,017,310</u>	<u>\$ 22,599,060</u>	<u>\$ 10,814,017</u>	<u>\$ 6,239,209</u>	<u>\$ -</u>	<u>\$ 376,669,596</u>

See accompanying notes to report.

Maricopa County Community College District  
Notes to Annual Budgeted Expenditure Limitation Report  
Year Ended June 30, 2007

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 – Exclusions claimed for debt service requirements on bonded indebtedness and debt service requirements on other long-term obligations are \$49,567,734 and \$162,441, respectively. Both amounts are included in the amounts reported as principal paid on capital debt and lease and interest paid on capital debt and lease on the Statement of Cash Flows—Primary Government.

Note 3 – The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities consists of interest on investments expended, which was reported as investment earnings, net of investment expense on the Statement of Revenues, Expenses, and Changes in Net Assets—Primary Government. Of the remaining balance of \$13,345,058, only \$12,314,420 was carried forward to future years because \$1,030,638 was not eligible to be carried forward under the expenditure limitation requirements.

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:

Maricopa County Community College District  
Notes to Annual Budgeted Expenditure Limitation Report  
Year Ended June 30, 2007

**Statement of Revenues, Expenses,  
and Changes in Net Assets—**

**Primary Government:**

Government grants and  
contracts \$70,062,675

Total \$70,062,675

**ABELR:**

Grants and aid from the federal  
government \$60,106,263

Contracts with other political  
subdivisions 5,163,012

Total exclusion claimed 65,269,275

Other revenues  
(nonexcludable) 4,185,452

Amount carried forward 607,948

Total \$70,062,675

**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 Assets—Primary Government. Of the financial statement balance, \$3,211 was recorded in the student loan fund and not claimed as an exclusion because it is not subject to the expenditure limitation.

**Note 6** – Amounts received from the State of Arizona for the purchase of land, and the purchase or construction of buildings or improvements of \$11,421,900 are included in capital appropriations reported on the Statement of Revenues, Expenses, and Changes in Net Assets—Primary Government. Of these excludable revenues, only \$9,884,517 was expended and claimed as an exclusion. The remaining \$1,537,383 has been carried forward to future years.

**Note 7** – The District does not budget tuition and fees revenues net of scholarship allowances. Of the gross tuition and fees of \$175,073,461 reported on the Statement of Revenues, Expenses, and Changes in Net Assets—Primary Government, only \$158,993,389 was expended and claimed as an exclusion. The remaining \$16,080,072 has been carried forward to future years.

**Note 8** – Prior years carryforward of \$94,103,697 in the Unexpended Plant Fund consists of constitutionally excludable bond proceeds unexpended in the year of receipt that were accumulated and expended in the current year.