



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, 2009

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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, 2009

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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, 2009. 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, 2009, 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, and management, 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

June 15, 2010

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Maricopa County Community College District  
Annual Budgeted Expenditure Limitation Report—Part I  
Year Ended June 30, 2009

1. Economic Estimates Commission expenditure limitation		\$379,719,634
2. Total amount subject to the expenditure limitation (from Part II, Line C)	\$390,076,934	
3. Less expenditures of monies received pursuant to Arizona Revised Statutes §15-1472 (workforce development)	<u>10,357,301</u>	
4. Adjusted amount subject to the expenditure limitation		<u>379,719,633</u>
5. 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: \_\_\_\_\_

Name and Title: Debra Thompson, Vice Chancellor for Business Services

Telephone Number: (480) 731-8510 Date: June 15, 2010

See accompanying notes to report.

Maricopa County Community College District  
Annual Budgeted Expenditure Limitation Report—Part II  
Year Ended June 30, 2009

Description	Current Funds			Plant Funds		Total
	Unrestricted		Restricted	Unexpended	Retirement of Indebtedness	
	General	Auxiliary Enterprises				
A. Total budgeted expenditures	\$ 482,566,517	\$ 75,242,715	\$ 125,634,152	\$ 142,265,904	\$ 78,817,859	\$ 904,527,147
B. Less exclusions claimed:						
Debt service requirements on bonded indebtedness (Note 2)					78,817,859	78,817,859
Debt service requirements on other long-term obligations (Note 2)				84,894		84,894
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	1,384,776			7,473,573		8,858,349
Grants and aid from the federal government (Note 4)			92,488,301			92,488,301
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 5)		382,192	17,184,954			17,567,146
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 6)				1,913,103		1,913,103
Contracts with other political subdivisions (Note 4)		1,864,206	1,871,499			3,735,705
Tuition and fees (Note 7)	142,175,284	40,575,723	397,793			183,148,800
Prior years carryforward (Note 8)				127,836,056		127,836,056
Total exclusions claimed	<u>143,560,060</u>	<u>42,822,121</u>	<u>111,942,547</u>	<u>137,307,626</u>	<u>78,817,859</u>	<u>514,450,213</u>
C. Amounts subject to the expenditure limitation	<u>\$ 339,006,457</u>	<u>\$ 32,420,594</u>	<u>\$ 13,691,605</u>	<u>\$ 4,958,278</u>	<u>\$ -</u>	<u>\$ 390,076,934</u>

See accompanying notes to report.

Maricopa County Community College District  
Notes to Annual Budgeted Expenditure Limitation Report  
Year Ended June 30, 2009

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 \$78,817,859 and \$84,894, respectively. Both amounts are included in the amounts reported as principal paid on capital debt and leases and interest paid on capital debt and leases on the Statement of Cash Flows—Primary Government.

Note 3 – The amount of \$8,193,560 was reported as investment income on the Statement of Revenues, Expenses, and Changes in Net Assets—Primary Government. The amount of exclusions claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$8,858,349 is more than the amount reported on the Statement of Revenue, Expenses, and Changes in Net Assets—Primary Government. The difference is explained below:

Maricopa County Community College District  
Notes to Annual Budgeted Expenditure Limitation Report  
Year Ended June 30, 2009

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

**Primary Government:**

Investment earnings, net of  
investment expense \$8,193,560

**ABELR:**

Exclusions claimed \$8,858,349  
Interest income on Retirement  
of Indebtedness fund—not  
eligible to be carried forward  
under the expenditure  
limitation requirements 312,009  
Total exclusion claimed or lost 9,170,358

LESS:

Amortization of bond  
premium/discount (714,994)  
Investment loss in Loan and  
Endowment funds—not  
reported on ABELR (62,463)  
Investment loss in Auxiliary and  
Restricted funds—reduced  
the carry forward amount (199,341)

Total \$8,193,560

Total \$8,193,560

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 Assets—**

**Primary Government:**

Government grants and  
contracts \$99,707,719

**ABELR:**

Grants and aid from the federal  
government \$92,488,301  
Contracts with other political  
subdivisions 3,735,705  
Total exclusions claimed 96,224,006

Other revenues  
(nonexcludable) 3,483,713

Total \$99,707,719

Total \$99,707,719

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.

Note 6 – The Maricopa County Community College District Governing Board approved the accumulation of \$5,496,114 for the purpose of purchasing land, buildings, or improvements or construction of buildings or improvements. Of this amount, \$1,913,103 was claimed as an exclusion while \$3,583,011 was not eligible to be carried forward under the expenditure limitation requirements.

Maricopa County Community College District  
Notes to Annual Budgeted Expenditure Limitation Report  
Year Ended June 30, 2009

Note 7 – The District does not budget tuition and fees revenues net of scholarship allowances. Of the gross tuition and fees of \$196,200,348 reported on the Statement of Revenues, Expenses, and Changes in Net Assets—Primary Government, only \$183,148,800 was expended and claimed as an exclusion. Of the remaining balance of \$13,051,548, only \$9,928,014 has been carried forward to future years because \$3,123,534 was not eligible to be carried forward under the expenditure limitation requirements.

Note 8 – Prior years carryforward of \$127,836,056 in the Unexpended Plant Fund consists of constitutionally excludable bond proceeds unexpended in the year of receipt that have been accumulated and were expended in the current year.