

# Maricopa County Community College District

Phoenix, Arizona

Chandler-Gilbert

Estrella Mountain

GateWay

Glendale

Mesa

Paradise Valley

Phoenix

Rio Salado

Scottsdale

South Mountain



Scottsdale Community College

## Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2016





# **Comprehensive Annual Financial Report**

**Fiscal Year Ended June 30, 2016**

**Maricopa County Community College District  
Phoenix, Arizona**

Prepared by  
**Division of Business Services**



**Maricopa County Community College District Comprehensive  
Annual Financial Report  
Fiscal Year Ended June 30, 2016**

Table of Contents

**Introductory Section**

Message from the Chancellor.....	1
Letter of Transmittal.....	2
Certificate of Achievement for Excellence in Financial Reporting.....	10
Organizational Chart.....	11
Principal Officers.....	12
Vision, Mission, and Statement of Values.....	13

**Financial Section**

Independent Auditors' Report.....	15
Management's Discussion and Analysis.....	18
Basic Financial Statements:	
Statement of Net Position – Primary Government.....	26
Statement of Financial Position – Component Unit.....	27
Statement of Revenues, Expenses, and Changes in Net Position – Primary Government.....	28
Statement of Activities – Component Unit.....	29
Statement of Cash Flows – Primary Government.....	30
Notes to Financial Statements.....	32
Required Supplemental Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability.....	58
Schedule of District Pension Contribution.....	59
Notes to Pension Plan Schedules.....	60
Supplemental Information:	
Schedule of Revenues, Expenses, and Changes in Net Position by College/Center.....	61
Notes to Supplemental Information.....	63

**Statistical Section**

Financial Trends:	
Schedule of Net Position by Component – Last Ten Fiscal Years.....	64
Schedule of Expenses by Identifiable Activity – Last Ten Fiscal Years.....	65
Schedule of Expenses by Use – Last Ten Fiscal Years.....	66
Schedule of Revenues by Source – Last Ten Fiscal Years.....	67
Schedule of Other Changes in Net Position – Last Ten Fiscal Years.....	68
Revenue Capacity:	
Assessed Value and Estimated Market Value of Taxable Property – Last Ten Fiscal Years.....	69
Property Tax Rates, Direct and Overlapping Governments – Last Ten Fiscal Years.....	70
Principal Taxpayers – Current Year and Nine Years Ago.....	71
Property Tax Levies and Collections – Last Ten Fiscal Years.....	72
Historic Tuition and Fees – Last Ten Fiscal Years.....	73
Debt Capacity:	
Schedule of Ratios of Outstanding Debt – Last Ten Fiscal Years.....	74
Revenue Bond Coverage – Last Ten Fiscal Years.....	75
Computation of Legal Debt Margin – Last Ten Fiscal Years.....	76
Demographic and Economic Information:	
Schedule of Demographic and Economic Statistics – Last Ten Fiscal Years.....	77
Top 10 Employers in Maricopa County – Current Year and Nine Years Ago.....	78
Operating Information:	
Employee Statistics – Last Ten Fiscal Years.....	79
Enrollment and Degree Statistics – Last Ten Fiscal Years.....	80
Student Enrollment Demographic Statistics – Last Ten Fiscal Years.....	81
Schedule of Capital Asset Information – Last Ten Fiscal Years.....	82



# Introductory Section

March 16, 2017

To the Citizens of Maricopa County:

I am pleased to submit the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016.

During a year of dynamic change at the Maricopa Community College District, the Governing Board has continued its prudent exercise of its fiduciary responsibilities, maintained its commitment to affordable tuition, and held the line on property taxes. Our financial management team continued the District's strong strategic and long-term financial planning processes and maintained our strong financial position, even with the complete elimination of state support.



The Maricopa County Community College District recently refinanced \$191 million in General Obligation Bonds, saving Maricopa County taxpayers over \$20 million in property taxes over the next nine years. The District's triple A bond rating by all three national, independent rating agencies was affirmed. This important financial industry endorsement reflects and confirms our financial stability and sound stewardship of taxpayer resources. We have maintained this highest rating from all three agencies since it was first earned in 2007, and are one of very few higher education institutions in the country with a triple A rating from all three.

Already the largest provider of skilled workforce training in Arizona, we are building stronger business and industry partnerships focused on the workforce needs of the next decade. Through a new Industry Leadership Council, specific Business and Industry Leadership Teams, and Career and Technical Education Advisory Councils, the Maricopa Colleges are matching curriculum and learning outcomes to industry employment projections in key areas of advanced manufacturing, allied health services, advanced business and customer services, environmental technology, and information systems.

Steadfast in our mission to serve all students with quality, affordable higher education, we will continue to explore innovative ideas and approaches that promote our students' success in the most cost-effective manner possible.

Respectfully,

Dr. Maria Harper-Marinick  
Chancellor

March 16, 2017

To the Residents of the Maricopa County Community College District:

We are pleased to provide you with the Comprehensive Annual Financial Report (CAFR) of the Maricopa County Community College District (MCCCD; the District) for the fiscal year ended June 30, 2016 (FY 2016).

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the District. Disclosures necessary to enable the reader to gain an understanding of the District's financial status and activities have been included.

Management is responsible for establishing and maintaining internal controls, which ensure that assets are protected from loss, theft, or misuse, and ensuring that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Because the cost of internal control should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Audit services are provided to the MCCCD by the State of Arizona Office of the Auditor General. Arizona Revised Statutes require an annual audit of the District's financial statements. This requirement has been complied with and the Independent Auditors' Report is included in this document. The auditors' opinion is unqualified.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditors' Report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

### **Reporting Entity**

The District is an independent reporting entity within the criteria established by generally accepted accounting principles (GAAP) and the Governmental Accounting Standards Board (GASB). According to GASB Statement No. 14, the financial reporting entity consists of "a primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete." MCCCD is a primary government because it is "a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments". Although the District shares the same geographic boundaries with Maricopa County, financial accountability for all activities related to public community college education in Maricopa

## **Reporting Entity** (continued)

County is exercised solely by the District. In accordance with GASB Statement No. 39, the financial activity of the Maricopa County Community College District Foundation is presented as a component unit of the District. The District is not included in any other governmental financial reporting entity.

## **Profile of Maricopa County Community College District**

As a political subdivision of the State of Arizona, the MCCCDC is subject to the oversight of the District's Governing Board (the Board), which is comprised of seven elected members, five elected from geographical districts within Maricopa county and two at-large members representing the entire county. Board members are elected in staggered years to four-year terms. The Board is granted full authority from the Arizona Revised Statutes to oversee the business and educational needs of the District.

The District serves the educational needs of Maricopa County through ten accredited colleges, two skill centers, and the Maricopa Corporate College. The colleges and skill centers are managed by eleven college presidents and two directors. District-wide administrative and support services are centralized and administered by the Chancellor and five Vice Chancellors: Executive Vice Chancellor and Provost, Vice Chancellor for Business Services, Vice Chancellor for Human Resources, Vice Chancellor for Information Technology Services, and Vice Chancellor for Resource Development & Community Relations.

### **History**

The District was established in 1962 under the provisions of legislation enacted by the Arizona State Legislature in 1960. This legislation created the Arizona State Junior College System and provided for the formation of junior college districts on a county basis throughout the state. At that time there was one college in the system, Phoenix [Junior] College, founded in 1920. Today the District consists of ten regionally accredited colleges, comprising one of the nation's largest multi-college community college systems.

### **Geography/Population**

Located in the south-central portion of the State of Arizona, Maricopa County (the County) qualifies as the major economic, political, and population center in the State. The area includes the Greater Phoenix Metropolitan Area, which is comprised of Phoenix, Glendale, Mesa, Scottsdale, Paradise Valley, Tempe, Peoria, Chandler, Gilbert, and other smaller cities and towns in addition to all the unincorporated areas of the County. Encompassing over 9,200 square miles, Maricopa County is the fourteenth largest county in land area in the continental U.S. and larger than seven states.

Maricopa County continues to have one of the fastest growing populations in the United States. According to the U.S. Census Bureau Population Division, the County's population increased by 24% in the 10-year period between the official census dates of April 2000 and April 2010. As of July 2015, the Office of Employment and Population Statistics of the Arizona Department of Administration estimated the County's population to be 4,076,438, making it the fourth most populated county in the nation.

## **Profile of Maricopa County Community College District** (continued)

Maricopa County has slightly more than 60% of the State's total population and 64% of the total labor force. A majority of the County's labor force (88%) is employed in the service markets. These include trade, transportation and utilities; professional and business services; educational and health services; government; leisure and hospitality; and financial activities.

### **Types of Services**

The District is the largest single provider of post-secondary education in Arizona – offering affordable education to more than 206,000 individuals year-round in credit classes and 15,000 individuals in special-interest/non-credit classes.

The District offers a wide range of quality academic, career and technical, and personal interest programs to meet the needs of students throughout Maricopa County. Students planning to transfer to a four-year institution may first complete the 35-credit hour Arizona General Education Curriculum core and/or an associate degree. The District offers the following associate degrees: Associate in Arts (including specialized degrees in Elementary Education and Fine Arts), Associate in Business, Associate in Science, Associate in General Studies, and Associate in Applied Sciences. Numerous Associate of Applied Science degrees and Certificates of Completion are available for students seeking technical expertise or upgrading skills in a specific career area. Non-credit personal interest courses are available in many areas including the arts, computer technology, personal development, and financial management. As indicated by racial category, the student enrollment data mirrors the population of Maricopa County: 47% Anglo, 27% Hispanic, 8% African American, 5% Asian, 3% Native American and 10% other.

The District is a major part of the community and continues to be a pipeline for the State's four-year universities, primarily Arizona State University (ASU). In academic year 2015-16, approximately 34,000 undergraduates enrolled at the three state universities had transferred 12 or more credits from MCCCDC.

The District also provides a variety of direct services to the community. These include: KJZZ-FM Public Radio-91.5 (news/jazz); KBAQ-FM Public Radio-89.5 (classical); Sun Sounds Radio Reading Service (for the visually-impaired); the Small Business Development Center state-wide network; and two charter high schools with accelerated, career-focused programs offering concurrent college courses at central city college campuses.

### **State and Local Economy**

The District is the largest provider of workforce training in Arizona, with programs in areas such as nursing and allied health, information technologies, business, construction and manufacturing, public services (police and fire science), and design fields. Through its Center for Workforce Development, the District has become well known both locally and nationally as the largest provider of job training in Arizona for new and expanding companies and enjoys ongoing success in forging partnerships with business and industry. The District, the State's other community college districts and public universities, and private colleges, universities and technical institutes, play a key role in providing the necessary workforce development and job training offerings to meet the needs of the state's



## **State and Local Economy** (continued)

employment markets. This solid infrastructure of educational institutions significantly contributes to the dynamic performance of the Arizona workforce and its economy.

According to the Office of Employment and Population Statistics within the Arizona Department of Administration, Arizona's economy is forecasted to experience gradual gains in total employment for the calendar years 2015-2017. Specifically, Arizona's jobs are projected to increase by 2.84% for the 2015 through 2017 period. This translates into an estimated gain of 156,535 jobs over the three-year period. The overall employment situation in Arizona continues to improve. This suggests that the positive signs of economic improvement outweigh the risks associated with any uncertainties. As of September 2016, Arizona's seasonally adjusted unemployment rate was 5.5%.

## **Long-term Financial and Operational Planning**

The District engages in an annual financial planning cycle that involves all levels of the organization. This planning process provides a framework to advance the District's vision, mission and goals in order to meet the needs of the students and community.

Budget and financial policies, approved by the Board, provide guidance for sufficient planning of resources, appropriate divisions between operational and capital activity, and adequate reserve levels for revenue shortfalls or expenditure needs. Fiscal integrity is the cornerstone upon which the District plans, monitors, and reports its financial activities and resources. Particular emphasis is placed on maintaining the financial stability of the District and the annual budget is developed with this objective. Goals for financial stability enable the District to manage revenue shortfalls and cash flows to ensure continued operations and to provide for unforeseen contingencies without impairing the quality of service needed to respond to its customers.

This planning process and policy guidance support the development of the District's long-term operational planning which is finalized each year in the "Maricopa Financial Plan". This 15-year plan helps the District align its key components of strategic and financial planning with estimated trends in funding as well as linking long-term strategic directions with estimated long-term budget resources.

## **Budget Process**

The District's elected Governing Board establishes policy and sets goals and priorities through the strategic planning process. Regular meetings are held with elected faculty and staff representatives to ensure input on District initiatives. Recommendations are made to the Chancellor and the Chancellor's Executive Council (CEC). The CEC in turn makes recommendations to the Chancellor who ultimately presents a fiscally stable and balanced budget to the Governing Board. At a public meeting in the spring, the Governing Board adopts a preliminary budget with final budget adoption occurring by June 20.

## **Long-term Financial and Operational Planning** (continued)

### **Financial Reporting**

An automated financial accounting system captures all financial transactions and provides data for the preparation of this CAFR, including the audited financial statements. These statements present information on the financial position of the District and confirm that resources were adequate to cover the costs of providing services during the reporting period. The District's award-winning CAFR is distributed to the Board, executive management, the state legislature, federal and state agencies, bond-rating agencies, financial institutions and the general public. Internal management reports, customized to meet the information and decision-making needs at all levels of the organization, aid in the management of financial resources. The District also routinely monitors and reports on revenue collections and actual expenses compared to budget at each college. It carefully reviews fluctuations and implements strategies to remedy variances throughout the year.

### **Major Initiatives**

The Governing Board adopted a goal to increase student completion rates by 50% by the year 2020; this is complemented by the three pillars established under former Chancellor, Rufus Glasper: Student Success, ONE Maricopa, and Public Stewardship. As a community of colleges serving a large and diverse metropolitan area, collaboration and cooperation for the benefit of students is a primary objective. Moreover, we continue to strive for a "Maricopa experience" that reflects common values and service standards at every college. We are committed to ensuring that students have full access to the learning opportunities they seek and that they are successful in their endeavors, regardless of the college(s) they attend. Described here are a few of the initiatives undertaken to achieve those objectives.

#### **ONE Maricopa Student Success Strategy**

As varied student-centered initiatives matured, the alignment among them became clearer and they were subsequently organized under the umbrella of One Maricopa Student Success Strategy (OMSSS) opportunities. The overarching objective of OMSSS is to enhance the way the Maricopa Community Colleges do business in order to improve the student experience, strengthen campus support, and maintain compliance. This will be accomplished over the coming years through collaborative, innovative, and sustainable solutions in the form of technology and business processes.

The varied student-centered initiatives under the OMSSS umbrella include: Student Success Initiative, Strategic Enrollment Management, Seamless Student Experience, and Integrated Marketing Outreach Recruitment. Each initiative within OMSSS will result in several system-wide changes that positively impact the student experience. A sampling of the changes are: a single point of access for admissions, registration, financial aid, and related student services across all MCCCC colleges; improving student persistence and success; and improving student success rates in developmental-level classes.

## **Major Initiatives** (continued)

### **Maricopa Priorities: Prioritizing Academic and Administration Programs and Services**

In May 2012, the District began a system-wide evaluation to ensure its programs and services were aligned to effectively meet current and future education and support needs. Projects derived from this evaluation include the exploration of developing regional centers for some instructional programs, shared services for some currently distributed services, and operational efficiencies. Project implementation follows a structured process based on project management and organizational change management best practices. Current projects include consolidating 11 college and district marketing departments into a single shared service department; organizationally consolidating early college and special population programs; and implementing functional and process improvements in areas such as tutoring, procurement, and faculty/staff training. Over 30 projects of this type are underway or will be initiated in the near future.

### **Public University Partnerships**

Maricopa is committed to supporting and enhancing transfer partnerships with Arizona State University (ASU), Northern Arizona University (NAU), and the University of Arizona (UA). These partnerships are intended to increase the number of students who complete associate's and bachelor's degrees. Along with clear curriculum pathways, the transfer programs provide students with dedicated advising, scholarship opportunities, and support services. The Maricopa/ASU Alliance has grown steadily with over 200 university majors outlined through degree-to-degree pathways, which are tracked with a customized degree audit tool. The NAU Connection partnership offers Connect2NAU Joint Admission, and a variety of Bachelor's degree programs, online or on-site at the Maricopa Community Colleges. The UA Bridge program includes prescribed program pathways as well as local advisement and events for UA-bound transfer students.

### **Residential/Adjunct Faculty Ratio**

The District has initiated a plan that calls for 60% of the instructional load at each college to be taught by residential faculty. By implementing the 60:40 ratio, the District will support student success and retention through increased workforce stability, enhanced learning environments, and improved student engagement. To achieve this goal, the District may add about 250-300 new residential faculty to the colleges with the exact number dependent on enrollment changes. The planned timeframe overall is 8 to 10 years.

### **2004 Capital Development Program**

As a result of a referendum approved by 76% of Maricopa County voters in November 2004, the District embarked on a \$951 million capital program financed by General Obligation bonds. The Capital Development Program provides the physical environment, occupational and instructional equipment, and technology to support education and job training, and to meet the needs of current and future community college students through new and improved institutional facilities, support spaces, equipment, and technology. The bond reaches all colleges and skill centers in the District and funds improvements in educational and institutional technologies as well as student and community safety and security.

## **Major Initiatives** (continued)

Inflation rates in the construction industry rose to historically high rates from 2004 through early 2008 and altered our ability to deliver this program as originally planned. The major impact was that early projects often required reductions in size or scope to meet designated budgets. Some projects planned for late in the bond also were reduced or canceled in order to move funds to early higher priority projects. With lower inflation rates since 2010, projects starting toward the end of the bond often were constructed closer to their original planned size or scope. The District also benefited by the mid-2000s crumbling of the local real estate market which enabled the purchase and remodeling of existing buildings for less than the cost to construct new space.

Since the inception of the 2004 Capital Development Program, the District has completed nearly eighty projects that were fully or substantially funded by 2004 General Obligation bonds. These projects included 1,209,000 square feet of new space and 1,020,000 square feet of remodeled space, with total budgets of \$713 million. With a variety of needs at each college, new buildings and remodeling projects often are multi-use, rather than single use or a single discipline. Fourteen new or remodeled projects totaling 677,000 square feet were dedicated to or contained science labs. Thirteen new or remodeled projects totaling 416,000 square feet were dedicated to or contained healthcare occupation and instruction areas. Also included in the Program were fourteen projects dedicated to or contained student services and support functions, reinforcing the District's ONE Maricopa Student Success Strategy and Student Success Initiative.

Twenty-six real estate transactions (existing buildings or raw land) were purchased, adding 569,000 square feet and 290 acres with a total expenditure of \$85 million. Included in the purchases were three large undeveloped land parcels (Buckeye, Surprise and Laveen) totaling 213 acres for future college centers.

The last projects of the 2004 Capital Program are in process and will add or remodel approximately 84,000 square feet of building space. Under construction is the addition and renovation of the Veteran's Center at Glendale Community College. Also starting construction is the Cloud Song Center and Indigenous Scholars Institute at Scottsdale Community College that will include instructional and tutoring space, campus meeting rooms, and areas supporting increased enrollment of Native American students and advancing Native American scholarship, in partnership with the Salt River Pima/Maricopa Indian Community. The last of the three projects is the complete remodeling of Building C at Phoenix College, now in early design phase, which will update and add physical science and chemistry instructional labs and classrooms.

In addition to the construction and remodeling, major improvements have been completed in college safety and security, and large maintenance projects. The District continues significant energy and water conservation work across all existing locations, including large photovoltaic solar energy generating installations at four District locations. A number of originally discussed locations have been dropped or put on hold due to insufficient space for collectors, inadequate investment payback, or changes in utility rate structure.

The District also continues to foster and develop partnerships. Funds from the 2004 General Obligation Bonds were used to construct the Communiversity@Surprise on property owned by the City of Surprise and the Rio Communiversity in Queen Creek using a similar partnership with the town of Queen Creek. Four Maricopa colleges and two universities have combined to offer more than 40 certificates of completion, Associate's, Bachelor's and Master's degree programs at the

**Major Initiatives** (continued)

Communiversi@Surprise and the Communiversi@Queen Creek. Two additional buildings funded by the 2004 G.O. bond also host partnerships. The Paradise Valley Community College Black Mountain Center in far northern Scottsdale was completed in 2009 and operates in partnership with the Valley of the Sun YMCA and the Foothills Community Center; the South Mountain Community College Community Library Building, developed and jointly operated with the City of Phoenix, Arizona opened in June 2011.

**GFOA Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Maricopa County Community College District for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the 25th consecutive year that the District has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal regulations.

A Certificate of Achievement is valid for a period of one year only. We believe that the current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

**Acknowledgment**

We wish to thank the members of the Board for their guidance and support in planning and conducting the financial operations of the District in a highly responsible and progressive manner. The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Division of Business Services and the College Business Offices. Appreciation is expressed to the State of Arizona Office of the Auditor General for timely completion of the audit.

Respectfully submitted,

Gaye Murphy  
Vice Chancellor for Business Services

Kimberly Brainard Granio, CPA  
Associate Vice Chancellor for Business Services  
and Controller



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

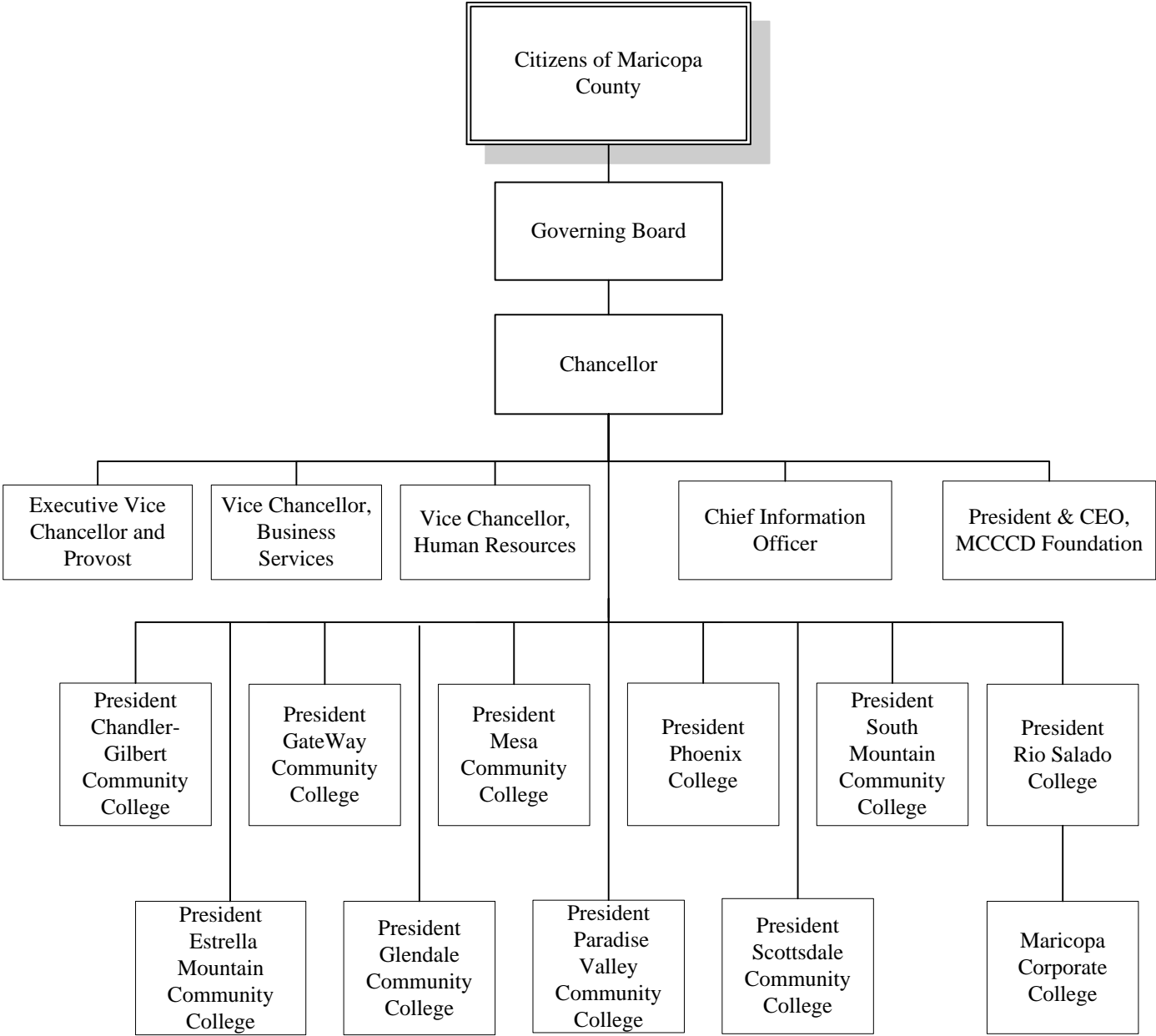
**Maricopa County  
Community College District  
Arizona**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

# Maricopa County Community College District Organizational Chart



# **Maricopa County Community College District**

## **Principal Officers**

## **Governing Board**

Mr. Alfredo Gutierrez, *President*

Ms. Johanna Haver, *Secretary*

Mr. Doyle Burke

Mr. Dana Saar

Ms. Jean McGrath

Ms. Tracy Livingston

Mr. John Heep

## **Administration**

Dr. Maria Harper-Marinick, *Chancellor*

Dr. Paul Dale, *Interim Executive Vice Chancellor and Provost*

Ms. Gaye Murphy, *Vice Chancellor, Business Services*

Ms. LaCoya Shelton-Johnson, *Vice Chancellor, Human Resources*

Mr. Edward Kelty, *Chief Information Officer*

Ms. Christine Schultz, *President & CEO, MCCCCD Foundation*

## **College Presidents and Directors**

Dr. William Guerriero, *Interim President, Chandler-Gilbert  
Community College*

Dr. Ernie Lara, *President, Estrella Mountain Community College*

Dr. Steven R. Gonzales, *President, GateWay Community College*

Dr. Teresa Leyba Ruiz, *Interim President, Glendale Community College*

Mr. Sasan Poureetezadi, *Interim President, Mesa Community College*

Dr. Paul Dale, *President, Paradise Valley Community College*

Ms. Christina Haines, *Interim President, Phoenix College*

Dr. Chris Bustamante, *President, Rio Salado College*

Dr. Jan L. Gehler, *President, Scottsdale Community College*

Dr. Shari L. Olson, *President, South Mountain Community College*





## **Vision, Mission & Values**

### **Vision**

A Community of Colleges...Colleges for the Community

... working collectively and responsibly to meet the life-long learning needs of our diverse students and communities.

### **Mission**

The Maricopa Community Colleges provide access to higher education for diverse students and communities.

#### **We Focus On Learning Through:**

- ▲▲ University Transfer Education
- ▲▲ General Education
- ▲▲ Developmental Education
- ▲▲ Community Education
- ▲▲ Workforce Development
- ▲▲ Student Development Services
- ▲▲ Continuing Education
- ▲▲ Civic Responsibility
- ▲▲ Global Engagement

As amended December 14, 2004 and December 13, 2005 by the Maricopa County Community College District Governing Board

# Statement of Values

The Maricopa Community Colleges are committed to:

## **Community**

We value all people – our students, our employees, their families, and the communities in which they live and work. We value our global community of which we are an integral part.

## **Excellence**

We value excellence and encourage our internal and external communities to strive for their academic, professional and personal best.

## **Honesty and integrity**

We value academic and personal honesty and integrity and believe these elements are essential in our learning environment. We strive to treat each other with respect, civility and fairness.

## **Inclusiveness**

We value inclusiveness and respect for one another. We believe that team work is critical, that each team member is important and we depend on each other to accomplish our mission.

## **Innovation**

We value and embrace an innovative and risk-taking approach so that we remain at the forefront of global educational excellence.

## **Learning**

We value lifelong learning opportunities that respond to the needs of our communities and are accessible, affordable, and of the highest quality. We encourage dialogue and the freedom to have an open exchange of ideas for the common good.

## **Responsibility**

We value responsibility and believe that we are each accountable for our personal and professional actions. We are responsible for making our learning experiences significant and meaningful.

## **Stewardship**

We value stewardship and honor the trust placed in us by the community. We are accountable to our communities for the efficient and effective use of resources as we prepare our students for their role as productive world citizens.



# Financial Section



**DEBRA K. DAVENPORT, CPA**  
AUDITOR GENERAL

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

**MELANIE M. CHESNEY**  
DEPUTY AUDITOR GENERAL

## **Independent auditors' report**

Members of the Arizona State Legislature

The Governing Board of  
Maricopa County Community College District

### **Report on the financial statements**

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of the Maricopa County Community College District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### ***Management's responsibility for the financial statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditors' responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the other auditors' report. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The other auditors did not audit the discretely presented component unit's financial statements in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Maricopa County Community College District as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

### ***Emphasis of matter***

As discussed in Note 1 to the financial statements, for the year ended June 30, 2016, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

### ***Other matters***

#### *Required supplementary information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 18 through 25, schedule of district's proportionate share of net pension liability on page 58, and schedule of district pension contributions on page 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of revenues, expenses, and changes in net position by college/center and the introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The schedule of revenues, expenses, and changes in net position by college/center is management's responsibility and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the schedule of revenues, expenses, and changes in net position by college/center is fairly stated in all material respects in relation, to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### **Other reporting required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we will issue our report on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters at a future date. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Debbie Davenport  
Auditor General

March 16, 2017

# **Maricopa County Community College District Management's Discussion and Analysis For the Year Ended June 30, 2016**

Our discussion and analysis introduces the basic financial statements and provides an overview of the District's financial activities for the year ended June 30, 2016. It should be read in conjunction with the transmittal letter, which precedes this section, and the financial statements, which immediately follow.

## **Basic Financial Statements**

The District's financial statements are presented in accordance with pronouncements issued by the Governmental Accounting Standards Board (GASB), the authoritative body for establishing generally accepted accounting principles (GAAP) for state and local governments, including public institutions of higher education. These pronouncements permit public colleges and universities to use the guidance for special-purpose governments, engaged only in business-type activities, in their separately issued financial statements. As such, the reader will observe that the presentation format is a consolidated, single-column, entity-wide format, similar to the type of financial statements one might encounter from a typical business enterprise or a not-for-profit organization. The basic financial statements consist of the following:

The *Statement of Net Position* reflects the financial position of the District as of June 30, 2016. It shows the assets owned or controlled, deferred outflows of resources, related liabilities and other obligations, deferred inflows of resources, and the categories of net position. Net position is an accounting concept defined as total assets and deferred outflows less total liabilities and deferred inflows. As such, it represents the residual of all other elements presented in the Statement of Net Position of the District.

The *Statement of Revenues, Expenses, and Changes in Net Position* reflects the results of operations and other changes for the year ended June 30, 2016. It shows revenues and expenses, both operating and non-operating, and reconciles the beginning net position amount to the ending net position amount, which is shown on the *Statement of Net Position* described above.

The *Statement of Cash Flows* reflects the inflows and outflows of cash and cash equivalents for the year ended June 30, 2016. It shows the cash activities by type and reconciles the beginning cash and cash equivalents amount to the ending cash and cash equivalents amount, which is shown on the *Statement of Net Position*, described above. In addition, this statement reconciles cash flows from operating activities to operating loss on the *Statement of Revenues, Expenses, and Changes in Net Position* described above.

Although the primary focus of this document is on the results and activity for fiscal year 2015-16 (FY 2016), comparative data is presented for the previous fiscal year, 2014-15 (FY 2015). This Management's Discussion and Analysis (MD&A) uses the prior fiscal year as a reference point in illustrating issues and trends for determining whether the institution's financial health may have improved or deteriorated.

## Condensed Financial Information

<i>Statement of Net Position</i>		
	<i>As of</i> <u>June 30, 2016</u>	<i>As of</i> <u>June 30, 2015</u>
<b>Assets</b>		
Current assets	\$602,289,826	\$576,682,321
Noncurrent assets, other than capital assets	172,592,366	219,036,807
Capital assets, net	823,134,810	846,466,439
<b>Total assets</b>	<b><u>1,598,017,002</u></b>	<b><u>1,642,185,567</u></b>
<b>Deferred Outflows of Resources</b>	<b><u>54,412,999</u></b>	<b><u>68,871,664</u></b>
<b>Liabilities</b>		
Other liabilities	85,372,577	87,809,229
Long-term liabilities	1,197,121,890	1,272,215,625
<b>Total liabilities</b>	<b><u>1,282,494,467</u></b>	<b><u>1,360,024,854</u></b>
<b>Deferred Inflows of Resources</b>	<b><u>79,007,826</u></b>	<b><u>100,530,114</u></b>
<b>Net Position</b>		
Net investment in capital assets	279,670,575	289,057,833
Restricted net position	109,858,780	105,028,658
Unrestricted net position	(98,601,647)	(143,584,228)
<b>Total net position</b>	<b><u>\$290,927,708</u></b>	<b><u>\$250,502,263</u></b>



**Condensed Financial Information** (continued)*Statement of Revenues, Expenses, and Changes in Net Position*

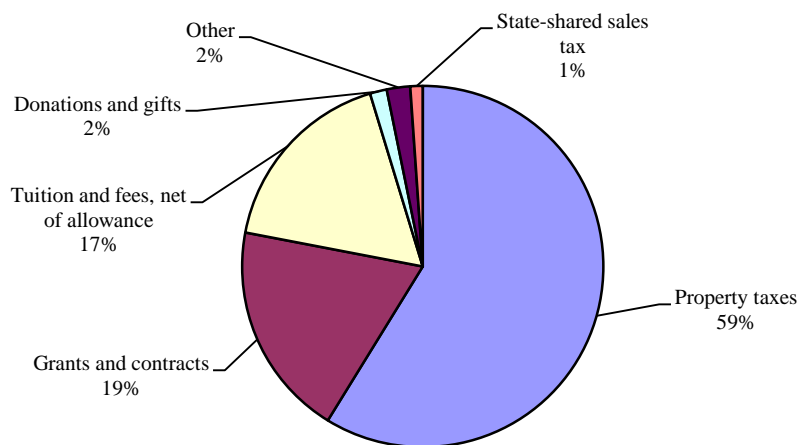
	<i>For the Year Ended June 30, 2016</i>	<i>For the Year Ended June 30, 2015</i>
Operating revenues	\$173,563,751	\$167,964,039
Operating expenses:		
Educational and general	726,874,100	746,752,888
Auxiliary enterprises	52,908,157	50,662,381
Depreciation	56,114,416	50,077,296
Other	217,404	447,281
Total operating expenses	<u>836,114,077</u>	<u>847,939,846</u>
Operating loss	<u>(662,550,326)</u>	<u>(679,975,807)</u>
Non-operating revenues and expenses	<u>702,580,003</u>	<u>715,589,673</u>
Income before other revenues, expenses, gains, or losses	40,029,677	35,613,866
Other revenues, expenses, gains, or losses	<u>395,768</u>	<u>1,540,771</u>
Change in net position	40,425,445	37,154,637
Net position, beginning of year	<u>250,502,263</u>	<u>213,347,626</u>
<b>Net position, end of year</b>	<b><u>\$290,927,708</u></b>	<b><u>\$250,502,263</u></b>

## Condensed Financial Information (continued)

The following schedule presents a summary and comparison of revenues for the fiscal years ended June 30, 2016, and June 30, 2015.

<i>Revenues by Source</i>	FY 2016		FY 2015		Increase/(Decrease)	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Change</u>
<u>Operating revenues</u>						
Tuition and fees, net of scholarship allowance	\$154,865,814	17%	\$155,484,268	17%	(\$618,454)	0%
Other	18,697,937	2	12,479,771	1	6,218,166	50
Total operating revenues	<u>173,563,751</u>	<u>19</u>	<u>167,964,039</u>	<u>18</u>	<u>5,599,712</u>	<u>3</u>
<u>Non-operating revenues</u>						
Property taxes	527,356,534	59	517,730,977	57	9,625,557	2
State appropriations	-	-	7,409,500	1	(7,409,500)	(100)
State-shared sales tax	9,982,313	1	9,629,336	1	352,977	4
Grants and contracts	172,234,937	19	188,606,760	21	(16,371,823)	(9)
Donations and gifts	13,217,751	2	13,259,529	2	(41,778)	-
Investment earnings, net of investment expense	3,753,419	-	2,340,582	-	1,412,837	60
Total non-operating revenues	<u>726,544,954</u>	<u>81</u>	<u>738,976,684</u>	<u>82</u>	<u>(12,431,730)</u>	<u>(2)</u>
Capital grants and gifts	<u>395,768</u>	<u>-</u>	<u>1,540,771</u>	<u>-</u>	<u>(1,145,003)</u>	<u>(74)</u>
Total revenues	<u>\$900,504,473</u>	<u>100%</u>	<u>\$908,481,494</u>	<u>100%</u>	<u>(\$7,977,021)</u>	<u>(1%)</u>

**Revenues by Source FY 2016**

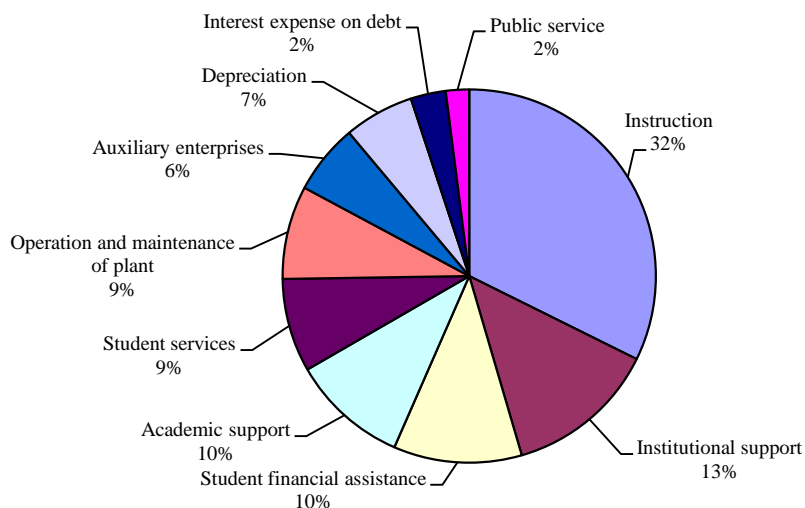


## Condensed Financial Information (continued)

The following schedule presents a summary and comparison of expenses for the fiscal years ended June 30, 2016, and June 30, 2015.

<i>Expenses by Function</i>	FY 2016		FY 2015		Increase/(Decrease)	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Change</u>
<u>Operating expenses</u>						
Educational and general						
Instruction	\$277,994,226	32%	\$291,502,707	33%	(\$13,508,481)	(5%)
Public service	16,166,872	2	16,379,540	2	(212,668)	(1)
Academic support	82,489,827	10	87,383,738	10	(4,893,911)	(6)
Student services	76,317,675	9	73,664,939	8	2,652,736	4
Institutional support	111,308,843	13	112,298,278	13	(989,435)	(1)
Operation and maintenance of plant	76,012,896	9	68,609,406	8	7,403,490	11
Student financial assistance	86,583,761	10	96,914,280	11	(10,330,519)	(11)
Auxiliary enterprises	52,908,157	6	50,662,381	6	2,245,776	4
Depreciation	56,114,416	7	50,077,296	6	6,037,120	12
Other	217,404	-	447,281	-	(229,877)	(51)
Total operating expenses	<u>836,114,077</u>	<u>98</u>	<u>847,939,846</u>	<u>97</u>	<u>(11,825,769)</u>	<u>(1)</u>
<u>Non-operating expenses</u>						
Interest expense on debt	20,861,993	2	22,511,671	3	(1,649,678)	(7)
Loss on sale or disposal of capital assets	<u>3,102,958</u>	<u>-</u>	<u>875,340</u>	<u>-</u>	<u>2,227,618</u>	<u>254</u>
Total non-operating expenses	<u>23,964,951</u>	<u>2</u>	<u>23,387,011</u>	<u>3</u>	<u>577,940</u>	<u>2</u>
Total expenses	<u>\$860,079,028</u>	<u>100%</u>	<u>\$871,326,857</u>	<u>100%</u>	<u>(\$11,247,829)</u>	<u>(1%)</u>

**Expenses by Function FY 2016**



## Financial Highlights and Analysis

### Statement of Net Position

The District's overall financial position increased in FY 2016 as the total net position for the District improved by approximately \$40.4 million from FY 2015 to FY 2016. Total net position is comprised of the following sub-categories: net investment in capital assets, restricted, and unrestricted. There were changes in these sub-categories reflecting both increases and decreases for the year with the sum resulting in an overall increase in net position. The decrease of \$9.4 million in net investment in capital assets is due to decreased spending for acquisition and remodeling of facilities while depreciation expense and payments for debt service that is associated with our capital development/General Obligation Bond program remains consistent from year to year. Overall restricted net position remained fairly constant with relatively small increases and decreases within the category. Unrestricted net position in FY 2016 experienced an increase (\$45.0 million) over FY 2015 primarily due to revenues outpacing expenses at the college and District levels, with a relatively small amount of these resources continuing to be set aside to plan for capital needs when the current capital bond program is completed (project for 2017). However, unrestricted net position continues to be negative in FY 2016 due to the implementation of GASB 68 – *Accounting and Financial Reporting for Pensions* in FY 2015. Over time and with good performance by ASRS, we would expect the negative unrestricted net position to eventually return to positive territory.

It is important to note that the implementation of GASB 68 results in entries and adjustments regarding pension liabilities for reporting and presentation purposes only. Without these adjustments and entries, the financial picture would show that the District continues to maintain sufficient reserves and has adequate resources to meet all current obligations.

Total assets decreased by \$44.2 million. Current assets increased \$25.6 million as revenues outpaced expenses; while not planned, the result allowed the District to set aside funds for college-specific and district-wide future priority needs (i.e., capital needs, student success initiatives, information technology needs, etc.). Noncurrent assets other than capital assets, decreased \$46.4 million as the District readied to pay debt service payments on July 1<sup>st</sup> for the District's outstanding General Obligation bonds. Capital assets, net, decreased \$23.3 million as spending slows with the end of the bond program nearing and accumulated depreciation continues to rise as construction and other projects are completed, placed in service, and depreciated.

Deferred outflows and inflows of resources are predominantly comprised of activity relating to pensions. Deferred outflows and inflows of resources are changes in the Net Pension Liability that will be recognized as pension expense in future years and contributions after the measurement date that will reduce the Net Pension Liability in future years. Variances in these lines from year to year will arise from changes in performance of investments, contribution changes to ASRS plans, composition of employer participants, recognition of prior year deferrals, etc. within a given year.

The most significant components of long-term liabilities for the District are bonds payable and net pension liability. The large decrease in long-term liabilities of \$75.1 million or 5.9% from FY 2015 to FY 2016 is due to the payment of debt service (\$60.4 million), no issuance of any new debt, and the net adjustment in pension liability (\$12.9 million) for FY 2016.

## **Statement of Revenues, Expenses, and Changes in Net Position**

The District has three major revenue sources: property taxes, grants and contracts, and tuition and fees. Total revenue for the District decreased by a very modest 1% or \$8.0 million as a result of increases and decreases in these major categories. Property tax revenue rose by \$9.6 million due to new construction added to the tax rolls. Conversely, grants and contracts revenue decreased approximately \$16.4 million primarily because of lower financial aid activity resulting from fewer students participating in Federal financial aid programs. Although the overall amount of Federal awards declined, the average Federal Pell Grant award increased slightly in FY 2016. Net tuition and fees revenue remained constant year over year as decreases in gross tuition revenue due to lower enrollment were offset by decreases in the scholarship allowance resulting from the lower financial aid activity.

An overall decline of \$11.2 million was noted for expenses with the most significant changes in the following categories. Instruction and academic support both noted declines (\$13.5 million and \$4.9 million, respectively) primarily due to pension expense adjustments that were substantially larger in FY 2016 than in FY 2015. Gross expenses for both functional categories were otherwise fairly consistent year over year. Student financial assistance expenses decreased \$10.3 million or 11% due to the lower financial aid activity that has been noted previously. These decreases were offset by two notable increases: operation and maintenance of plant (\$7.4 million) and depreciation (\$6.0 million). The increase in operation and maintenance of plant expenses is predominantly due to increased cost of utilities and spending on plant and equipment as the capital bond program winds down that doesn't reach capitalization thresholds. The increase in depreciation expense is due to the continued completion, capitalization, and subsequent depreciation of projects primarily resulting from the District's General Obligation Bond program.

## **Capital Assets and Debt Administration**

The District's capital assets as of June 30, 2016, totaled \$823.1 million (net of accumulated depreciation). Capital assets include land, construction in progress, buildings, equipment, intangibles, improvements other than buildings, and library books. The change in the District's capital assets for the current year was a decrease of 2.8%, primarily attributed to the phasing out of bond funds as the District nears completion of the 2004 General Obligation (GO) Bond Program (additions to assets were less than annual depreciation expense). The District has about \$56.5 million in construction in progress with an estimated cost to complete of approximately \$42.7 million. Additional information on capital assets can be found in Notes to Financial Statements – Note 4.

The District has issued 100% of the \$951.4 million in GO bonds that were approved by voters in November 2004. In August 2016, the District sold \$191.3 million in refunding bonds, saving District taxpayers nearly \$20 million in interest costs over the life of the bonds as the savings translates to lower property taxes. These bonds refunded just over \$216 million in outstanding bonds from the GO Bond Project 2004, Series B, Series C, and Series D issues. Information on all of the District's bond issues is presented in greater detail in Notes to Financial Statements – Note 5 and more information on the refunding is available in Notes to Financial Statements – Note 10 Subsequent Events.

In July 2016, the District's GO Refunding Bonds, Series 2016, received ratings of "Aaa" by Moody's Investors Service, "AAA" by Fitch Ratings, Inc., and "AAA" by Standard and Poor's Global Ratings. Each rating firm also affirmed the same ratings to the District's outstanding GO

## **Capital Assets and Debt Administration** (continued)

Bonds as well as rating the District's outlook as "stable". Reasons cited for the high ratings included large and diverse economic base; prudently managed and strong financial operations; significant operating flexibility; improving local economy; and very low to low overall net debt burden and very rapid amortization. See Transmittal Letter-State and Local Economy, for additional information on the State's economy.

## **Current Factors Having Probable Future Financial Significance**

As the 2004 GO Bond Program continues, buildings open and new technology is acquired to serve the community, the District must continue to ensure that there are sufficient resources and budget capacity to operate the buildings and support the technology. As of FY 2016, the District has set aside \$33 million in budget capacity for this purpose and will continue to increase this capacity as the Bond Program progresses.

## **Requests for Information**

This discussion and analysis is designed to provide a general overview of the Maricopa County Community College District's finances for all those with an interest in such matters. Questions concerning any of the information provided in this Comprehensive Annual Financial Report or requests for additional financial information should be addressed to the Office of Financial Services and Controller; The Maricopa Community Colleges; 2411 W. 14<sup>th</sup> Street; Tempe, AZ 85281.

**Maricopa County Community College District**  
**Statement of Net Position – Primary Government**  
**June 30, 2016**

	<b>Business-Type Activities</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 322,437,089
Investments	233,616,354
Receivables (net of allowance of \$48,268,598)	45,716,047
Other	520,336
Total current assets	602,289,826
Noncurrent assets:	
Receivables (net of allowance of \$340,987)	150,054
Other	4,929,492
Restricted assets:	
Cash and cash equivalents	134,896,988
Investments	31,410,660
Receivables (net of allowance of \$469,143)	1,043,489
Other	161,683
Capital assets, not being depreciated	130,928,963
Depreciable capital assets, net of depreciation	692,205,847
Total noncurrent assets	995,727,176
Total assets	1,598,017,002
 <b>Deferred Outflows of Resources</b>	
Deferred charges on refunded bonds	2,608,723
Deferred outflows related to pensions	51,804,276
Total deferred outflows of resources	54,412,999
 <b>Liabilities</b>	
Current liabilities:	
Accounts payable	8,400,415
Accrued liabilities	60,232,510
Deposits held in custody for others	1,574,952
Interest payable	11,097,312
Unrealized revenues	4,067,388
Long-term liabilities - current portion	63,742,924
Total current liabilities	149,115,501
Noncurrent liabilities:	
Long-term liabilities	546,197,986
Net pension liability	554,292,685
Compensated absences	32,888,295
Total noncurrent liabilities	1,133,378,966
Total liabilities	1,282,494,467
 <b>Deferred Inflows of Resources</b>	
Deferred inflows related to pensions	78,983,466
Deferred grant receipts	24,360
Total deferred inflows of resources	79,007,826
 <b>Net Position</b>	
Net investment in capital assets	279,670,575
Restricted:	
Nonexpendable:	
Endowments	214,809
Student loans	117,421
Expendable:	
Scholarships	1,468,250
Grants and contracts	22,331,884
Student loans	68,680
Debt service	55,413,680
Capital projects	30,244,056
Unrestricted	(98,601,647)
Total net position	\$ 290,927,708

See accompanying notes to financial statements.

**Maricopa County Community College District  
Statement of Financial Position – Component Unit  
June 30, 2016**

	<b>Maricopa County Community College District Foundation</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,361,634
Pledges receivable, net of discount and allowance	3,277,526
Investments	31,948,292
Investments held for others	6,101,271
Cash held for endowment purposes	595,578
Cash surrender value of life insurance	422,211
Other assets	10,691
Total assets	\$ 43,717,203
 <b>Liabilities and Net Assets</b>	
Accounts payable	\$ 677,392
Charitable gift annuity liability	156,875
Investments held for others	6,101,271
Total liabilities	6,935,538
 Net assets:	
Unrestricted	616,471
Temporarily restricted	14,192,903
Permanently restricted	21,972,291
Total net assets	36,781,665
Total liabilities and net assets	\$ 43,717,203

See accompanying notes to financial statements.



**Maricopa County Community College District**  
**Statement of Revenues, Expenses, and Changes in Net Position –**  
**Primary Government**  
**Through June 30, 2016**

	<u><b>Business-Type Activities</b></u>
Operating revenues:	
Tuition and fees (net of scholarship allowance of \$78,658,045)	\$ 154,865,814
Other	18,697,937
Total operating revenues	<u>173,563,751</u>
Operating expenses:	
Educational and general:	
Instruction	277,994,226
Public service	16,166,872
Academic support	82,489,827
Student services	76,317,675
Institutional support	111,308,843
Operation and maintenance of plant	76,012,896
Student financial assistance	86,583,761
Auxiliary enterprises	52,908,157
Depreciation	56,114,416
Other	217,404
Total operating expenses	<u>836,114,077</u>
Operating loss	<u>(662,550,326)</u>
Nonoperating revenues (expenses):	
Property taxes	527,356,534
State-shared sales tax	9,982,313
Government grants and contracts	167,627,461
Private grants and contracts	4,607,476
Private gifts	13,217,751
Investment earnings, net of investment expense	3,753,419
Interest expense on debt	(20,861,993)
Loss on sale/disposal of capital assets	(3,102,958)
Total nonoperating revenues	<u>702,580,003</u>
Income before other revenues, expenses, gains, or losses	40,029,677
Capital grants and gifts	<u>395,768</u>
Change in net position	<u>40,425,445</u>
Total net position July 1, 2015	<u>250,502,263</u>
Total net position June 30, 2016	<u>\$ 290,927,708</u>

See accompanying notes to financial statements.

**Maricopa County Community College District**  
**Statement of Activities – Component Unit**  
**For the Year Ended June 30, 2016**

**Maricopa County Community College District Foundation**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenue:				
Contributions	\$ -	\$ 3,974,023	\$ 1,507,760	\$ 5,481,783
Contributed services	1,459,368	-	-	1,459,368
Investment return	66,184	214,810	-	280,994
Decrease in cash surrender value of life insurance	-	-	(33,227)	(33,227)
Total support and revenue before special events and net assets released from restrictions	<u>1,525,552</u>	<u>4,188,833</u>	<u>1,474,533</u>	<u>7,188,918</u>
Special events revenue	-	233,600	-	233,600
Less cost of direct donor benefits	-	(117,692)	-	(117,692)
Gross profit from special events	<u>-</u>	<u>115,908</u>	<u>-</u>	<u>115,908</u>
Net assets released from restrictions	<u>4,160,254</u>	<u>(4,119,254)</u>	<u>(41,000)</u>	<u>-</u>
Total support and revenue	<u>5,685,806</u>	<u>185,487</u>	<u>1,433,533</u>	<u>7,304,826</u>
Expenses and losses:				
Program expenses				
Scholarships and program support	3,781,409	-	-	3,781,409
Supporting services				
Fundraising	108,000	-	-	108,000
General and administrative	2,111,235	-	-	2,111,235
(Gain)/loss from uncollectible pledges	-	14,860	(23,293)	(8,433)
Total expenses and (gains)/losses	<u>6,000,644</u>	<u>14,860</u>	<u>(23,293)</u>	<u>5,992,211</u>
Change in net assets	(314,838)	170,627	1,456,826	1,312,615
Net assets, beginning of year (as previously reported)	931,309	12,522,276	22,015,465	35,469,050
Prior period adjustment	<u>-</u>	<u>1,500,000</u>	<u>(1,500,000)</u>	<u>-</u>
Net assets, beginning of year (as restated)	<u>931,309</u>	<u>14,022,276</u>	<u>20,515,465</u>	<u>35,469,050</u>
Net assets, end of year	<u>\$ 616,471</u>	<u>\$ 14,192,903</u>	<u>\$ 21,972,291</u>	<u>\$ 36,781,665</u>

See accompanying notes to financial statements.

**Maricopa County Community College District  
Statement of Cash Flows – Primary Government  
For the Year Ended June 30, 2016**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>Business-Type Activities</b>
Tuition and fees	\$ 155,172,767
Payments for employee wages and benefits	(528,432,406)
Payments to providers of goods and services	(182,506,048)
Payments to students for grants and scholarships	(91,626,642)
Other receipts	20,130,265
Net cash used for operating activities	<u>(627,262,064)</u>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Property taxes	527,563,908
State-shared sales tax	9,902,182
Grants and contracts	166,407,808
Federal student loans received	101,096,176
Federal student loans disbursed	(101,096,176)
Deposits held by others received	1,854,952
Deposits held by others disbursed	(1,730,112)
Gifts received for other than operating or capital purposes	13,217,751
Net cash provided by noncapital financing activities	<u>717,216,489</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from sale of capital assets	3,367,657
Purchase of capital assets	(39,058,173)
Principal paid on capital debt	(60,370,000)
Interest paid on capital debt	(23,165,644)
Net cash used for capital and related financing activities	<u>(119,226,160)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Net proceeds from sales and maturities of investments	105,443,338
Interest received on investments	4,174,782
Net cash provided by investing activities	<u>109,618,120</u>
Net increase in cash and cash equivalents	80,346,385
Cash and cash equivalents - beginning of year	376,987,692
Cash and cash equivalents - end of year	<u>\$ 457,334,077</u>

(continued)

See accompanying notes to financial statements.

**Statement of Cash Flows** (continued)

**Reconciliation of operating loss to net cash used for operating activities:**

Operating loss	\$ (662,550,326)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation expense	56,114,416
Expenses (related to revenue) for donations of non-capitalized items	200,542
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Net Pension Liability	(12,856,788)
Deferred outflows of resources related to pensions	13,589,091
Deferred inflows of resources related to pensions	(21,522,862)
Receivables	(1,783,636)
Other assets	1,975,996
Student loans receivable	38,442
Accounts payable	(6,754,922)
Accrued liabilities	5,645,771
Unrealized revenue	306,953
Compensated absences	335,259
Net cash used for operating activities	<u>\$ (627,262,064)</u>

**Noncash transactions:**

**Decrease in fair value of investments.** The fair value of investments decreased by \$372,522.

**Items retired from CIP.** \$271,760 of costs originally captured in CIP failed to meet the District's standards for capitalization and were converted to expense.

**Gifts of depreciable and non-depreciable assets.** The District recorded the receipt of gifts of depreciable and non-depreciable assets of \$395,768.

**Amortization of premium on bonds and deferred charges.** The District amortized \$2,202,206 of bond premiums and \$869,574 of deferred charges.

See accompanying notes to financial statements.

**Maricopa County Community College District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2016**

**NOTE 1 - Summary of Significant Accounting Policies**

The accounting policies of the Maricopa County Community College District (the District) conform to generally accepted accounting principles applicable to public institutions engaged only in business-type activities adopted by the Governmental Accounting Standards Board (GASB).

For the year ended June 30, 2016, the District implemented the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 establishes standards for measuring fair value and applying fair value to certain investments and disclosures related to all fair value measurements.

**Reporting Entity** - The District is a special-purpose government that is governed by a separately elected governing body (the Board). It is legally separate and fiscally independent of other state and local governments. The District is not included in any other governmental reporting entity. The accompanying financial statements present the activities of the District (the primary government) and its discretely presented component unit, the Maricopa County Community College District Foundation (the Foundation).

The Foundation is a legally separate, tax-exempt organization. It acts primarily as a fund-raising organization that receives gifts and bequests, administers those resources, and disburses payments to or on behalf of the District for scholarships and programs. Although the District does not control the timing or amount of receipts from the Foundation, the Foundation's restricted resources can only be used by, or for the benefit of, the District or its constituents. Consequently, the Foundation is considered a component unit of the District and is discretely presented in the District's financial statements.

For financial reporting purposes, the Foundation follows Financial Accounting Standards Board (FASB) statements for not-for-profit organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information included in the District's financial report. Accordingly, those financial statements have been reported on separate pages following the respective counterpart financial statements of the District. For financial reporting purposes, only the Foundation's statements of financial position and activities, as well as relevant notes to the financial statements, are included in the District's financial statements as required by generally accepted accounting principles for public colleges and universities. The Foundation has a June 30 year-end.

During the year ended June 30, 2016, the Foundation distributed \$3,781,409 to the District for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Foundation Office at 2419 W. 14<sup>th</sup> Street, Tempe, AZ 85281.

## **NOTE 1 - Summary of Significant Accounting Policies** (continued)

**Basis of Presentation and Accounting** - The financial statements include a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Net Position; and a Statement of Cash Flows.

The Statement of Net Position provides information about the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at the end of the year. Assets and liabilities are classified as either current or noncurrent. Net position is classified according to external donor restrictions or availability of assets to satisfy the District's obligations. Net investment in capital assets represents the value of capital assets, net of accumulated depreciation, less any outstanding debt incurred to acquire or construct the assets. Nonexpendable restricted net position includes gifts that have been received for endowment purposes and federal contributions for the Federal Perkins Loan Program, the corpus of which cannot be expended. Expendable restricted net position represents grants, contracts, gifts, and other resources that have been externally restricted for specific purposes. Unrestricted net position consists of all other resources, including those that have been designated by management to be used for other than general operating purposes. When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first. Internal transactions and activities, such as transfers between funds, revenues and expenses recorded for internal service activities, and certain internal revenues and expenses recorded for grant activity, have been eliminated for financial statement purposes.

The Statement of Revenues, Expenses, and Changes in Net Position provides information about the District's financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net position are reported, including capital contributions and additions to endowments. Operating revenues and expenses generally result from exchange transactions. Accordingly, revenues, such as tuition and sales of auxiliary services, are considered to be operating revenues. Other revenues, such as property taxes and educational grants, are not generated from exchange transactions and are considered to be nonoperating revenues. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense on debt, are considered to be nonoperating expenses.

The Statement of Cash Flows provides information about the District's sources and uses of cash and cash equivalents during the year. Increases and decreases in cash and cash equivalents are classified as either operating, noncapital financing, capital and related financing, or investing.

The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**NOTE 1 - Summary of Significant Accounting Policies** (continued)

**Cash and Cash Equivalents** - For the Statement of Cash Flows, cash and cash equivalents include cash on hand, cash in the bank, cash and investments held by the County Treasurer, investments in the State Treasurer’s Local Government Investment Pool 7, and some investments purchased on behalf of the District by its investment manager. Cash equivalents are defined as investments with maturities of three months or less from the date of acquisition by the District.

**Investments** - Investments are reported at fair value at fiscal year-end.

**Capital Assets** - Capital assets of the District consist of land, buildings, improvements other than buildings, equipment, intangibles, and library books. Capital assets are stated at cost at date of acquisition, or fair market value at date of donation in the case of gifts. Major outlays for assets or improvements to assets are capitalized as projects are constructed. These are categorized as construction in progress until completed, at which time they are reclassified to the appropriate asset type. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the financial statements are as follows:

<u>Asset Category</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	All	Not applicable	Not applicable
Buildings	\$100,000	Straight-line	40 years
Improvements other than buildings	\$5,000	Straight-line	20 years
Equipment	\$5,000	Straight-line	4-10 years
Intangibles (software)	\$5,000	Straight-line	4-10 years
Library books	All	Straight-line	10 years

**Compensated Absences** - Compensated absences consists of vacation and sick leave earned by employees based on services already rendered. Employees may accumulate vacation balances depending on the years of service, but any vacation hours in excess of the maximum amount that are unused at calendar year-end are forfeited. Sick leave benefits provide for ordinary sick pay and are cumulative. Sick leave balances are paid to a maximum amount at retirement or death for employees having at least 10 years of service. Accordingly, these benefits are accrued as a liability in the financial statements.

**Deferred Outflows and Inflows of Resources** - The statement of net position includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense in future periods. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will be recognized as a revenue in future periods.

For advanced refundings resulting in defeasance of debt, the difference between the reacquisition price and net carrying amount of the old debt is deferred and amortized as a component of interest expense over the life of the refunded debt or the refunding debt, whichever is shorter.

## **NOTE 1 - Summary of Significant Accounting Policies** (continued)

This deferred amount is reported as a deferred outflow of resources on the Statement of Net Position.

**Scholarship Allowances** - Scholarship allowances represent the difference between the stated charge for goods and services provided by the District and the amount that is paid by the student or third parties making payments on behalf of the student. Accordingly, some types of student financial aid such as Pell grants and scholarships awarded by the District, are considered to be scholarship allowances. These allowances are netted against tuition and fees revenues in addition to student financial assistance and auxiliary enterprises expenses in the Statement of Revenues, Expenses, and Changes in Net Position.

**Investment Earnings** - Investment earnings are composed of interest, dividends, and net changes in the fair value of applicable investments.

**Pensions** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## **NOTE 2 - Deposits and Investments**

Arizona Revised Statutes (A.R.S.) requires certain public monies to be collected by and deposited with the Maricopa County Treasurer. Such monies are the special tax levy for the District's maintenance and operation and secondary levy collections for the District's principal and interest payments on general obligation bonded indebtedness.

The statutes do not require the District to deposit other public monies with the County Treasurer; however, the District must act as a prudent person dealing with the property of another by following the statutory guidelines for investment decisions. The District invests in U.S. government securities, the State Treasurer's Local Government Investment Pools, commercial paper, corporate bonds, repurchase agreements, insured or collateralized deposits, and certificates of deposit. Equity mutual funds held by the District are the result of donations by third parties. The statutes require collateral for deposits at 102 percent of all deposits not covered by federal depository insurance. The statutes do not include any requirements for credit risk, custodial credit risk, interest rate risk, concentration of credit risk, or foreign currency risk for the District's investments.

### **Deposits**

At June 30, 2016, total cash on hand was \$218,680. The carrying amount of bank deposits on the District's accounting system was \$23,840,288. At June 30, 2016, the District's bank balance



**NOTE 2 - Deposits and Investments** (continued)

was \$36,090,373. A.R.S. requires collateral for deposits at 102 percent of all deposits not covered by federal depository insurance. The District does not have a formal policy with respect to custodial credit risk.

**Investments**

The District's investments at June 30, 2016, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

<b>Investments by fair value level</b>	<b>Amount</b>	<b>Fair value measurement using</b>	
		<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>
U.S. agency securities	\$142,048,397	\$ -	\$142,048,397
U.S. Treasury securities	134,190,793	134,190,793	-
Commercial paper	3,476,410	-	3,476,410
Corporate bonds	18,116,466	-	18,116,466
Mutual funds – equity	110,367	110,367	-
Money market mutual fund	162,325	162,325	-
<b>Total investments by fair value level</b>	<b>\$298,104,758</b>	<b>\$134,463,485</b>	<b>\$163,641,273</b>

<b>External investment pools measured at fair value</b>	<b>Amount</b>
State Treasurer's investment pool 7	\$357,675,191
State Treasurer's investment pool 700	382,763
County Treasurer's investment pools	5,919,411
<b>Total investments measured at fair value</b>	<b>\$363,977,365</b>

<b>Investments reported at cost</b>	<b>Amount</b>
Repurchase agreements	\$ 36,220,000

Investments categorized as Level 1 are valued using prices quoted in active markets for those investments. Investments categorized as Level 2 are valued as follows: U.S. agency securities are evaluated on either a price or spread basis as determined by the observed market data; commercial paper from matrix pricing; and corporate bonds from interpretations of accepted Wall Street conventions. Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the District held. The fair value of a participant's position in the pools approximates the value of that participant's pool shares. The investments in the County Treasurer's pools are valued using the District's proportionate participation in the pools because the pools' structure does not provide for shares.

**NOTE 2 - Deposits and Investments** (continued)

The State Board of Investment provides oversight for the State Treasurer's pools. The fair value of a participant's position in the pool approximates the value of that participant's pool shares and the participant's shares are not identified with specific investments. No comparable oversight is provided for the Maricopa County Treasurer's investment pools and the pools' structure does not provide for shares.

**Credit Risk** - The District does not have a formal policy with respect to credit risk. At June 30, 2016, credit risk for the District's investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
State Treasurer's investment pool 7	Unrated	Not applicable	\$357,675,191
State Treasurer's investment pool 700	Unrated	Not applicable	382,763
County Treasurer's investment pools	Unrated	Not applicable	5,919,411
U.S. agency securities	Aaa	Moody's	142,048,397
Corporate bonds	Aa1	Moody's	2,013,600
Corporate bonds	Aa2	Moody's	6,089,597
Corporate bonds	Aa3	Moody's	2,983,889
Corporate bonds	Aaa	Moody's	7,029,380
Commercial paper	Aa3	Moody's	3,476,410
Repurchase agreements	Unrated	Not applicable	36,220,000
Money market mutual fund	Aaa	Moody's	162,325
Total			<u>\$564,000,963</u>

**Concentration of Credit Risk** - The District does not have a formal policy with respect to concentration of credit risk. The District had investments at June 30, 2016, of 5 percent or more in Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Merrill Lynch Repurchase Agreements. These investments were 6 percent, 5 percent, 9 percent, and 5 percent, respectively, of the District's total investments.

**Interest Rate Risk** - The District's policy states maturities shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. At June 30, 2016, the District had the following investments in debt securities:

**NOTE 2 - Deposits and Investments** (continued)

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (Months)</u>
State Treasurer's investment pool 7	\$357,675,191	2.37
State Treasurer's investment pool 700	382,763	110.23
County Treasurer's investment pools	5,919,411	11.40
U.S. agency securities	142,048,397	14.43
U.S. Treasury securities	134,190,793	16.41
Commercial paper	3,476,410	7.97
Corporate bonds	18,116,466	17.22
Repurchase agreements	36,220,000	0.03
Money market mutual fund	162,325	0.03
Total	<u>\$698,191,756</u>	

The District's portfolio weighted average maturity is 7.95 months.

A reconciliation of cash, deposits, and investments to amounts shown on the Statement of Net Position follows:

Cash, deposits and investments:		Statement of Net Position:	
Cash on hand	\$218,680	Cash and cash equivalents	\$322,437,089
Deposits	23,840,288	Investments	233,616,354
Investments	698,302,123	Restricted assets:	
		Cash and cash equivalents	134,896,988
		Investments	31,410,660
Total	<u>\$722,361,091</u>	Total	<u>\$722,361,091</u>

**NOTE 3 - Current Receivables**

A schedule of the District's current receivables by type, shown net of related allowances, follows:

Property taxes (net of allowance of \$2,900,086)	\$ 5,386,700
Government grants	18,691,552
Private grants and contracts (net of allowance of \$172,647)	3,959,529
Student accounts (net of allowance of \$45,056,652)	16,900,983
Other (net of allowance of \$139,213)	777,283
Total current receivables	<u>\$ 45,716,047</u>

**NOTE 3 – Current Receivables** (continued)

**Property Taxes** - The Maricopa County Treasurer is responsible for the collection of property taxes for all governmental entities within the county. The property taxes due the District are levied in August by the County and are payable in two equal installments. The first installment is due on October first and becomes delinquent after the first business day of November. The second installment is due on March first of the following year and becomes delinquent after the first business day in May. A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy. Property taxes receivable consist of uncollected property taxes as determined from the records of the Maricopa County Treasurer’s Office.

**NOTE 4 - Capital Assets**

The following is a summary of changes in capital assets during the fiscal year:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2016</u>
<b>Capital assets not being depreciated:</b>				
Land	\$ 76,759,661	\$ -	\$ 2,378,571	\$ 74,381,090
Construction in progress	96,309,471	5,859,277	45,620,875	56,547,873
Total capital assets not being depreciated	<u>173,069,132</u>	<u>5,859,277</u>	<u>47,999,446</u>	<u>130,928,963</u>
<b>Capital assets being depreciated:</b>				
Buildings	895,888,004	34,537,054	131,885	930,293,173
Equipment	155,117,569	9,843,848	8,260,230	156,701,187
Intangibles (software)	20,400,970	35,133,073	-	55,534,043
Improvements other than buildings	147,188,393	655,824	-	147,844,217
Library books	13,986,127	317,729	758,646	13,545,210
Total capital assets being depreciated	<u>1,232,581,063</u>	<u>80,487,528</u>	<u>9,150,761</u>	<u>1,303,917,830</u>
Less accumulated depreciation for:				
Buildings	355,700,989	29,260,898	-	384,961,887
Equipment	116,026,126	10,191,350	2,835,378	123,382,098
Intangibles (software)	10,743,422	8,305,852	-	19,049,274
Improvements other than buildings	66,949,657	7,445,596	-	74,395,253
Library books	9,763,562	910,720	750,811	9,923,471
Total accumulated depreciation	<u>559,183,756</u>	<u>56,114,416</u>	<u>3,586,189</u>	<u>611,711,983</u>
Total capital assets being depreciated, net	<u>673,397,307</u>	<u>24,373,112</u>	<u>5,564,572</u>	<u>692,205,847</u>
Capital assets, net	<u>\$ 846,466,439</u>	<u>\$ 30,232,389</u>	<u>\$ 53,564,018</u>	<u>\$ 823,134,810</u>

The District has active construction projects with a remaining contractual commitment at June 30, 2016, of \$4,121,320. These projects are funded primarily through bond proceeds.

**NOTE 5 - Long-term Liabilities**

The following schedule details the long-term liability activity for the year ended June 30, 2016.

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2016</u>	<u>Due within one year</u>
Bonds payable:					
General obligation bonds	\$ 654,190,000	\$ -	\$ 60,370,000	\$ 593,820,000	\$ 59,595,000
Premium on general obligation bonds	16,377,398	-	2,202,206	14,175,192	2,202,206
Total bonds payable	<u>670,567,398</u>	<u>-</u>	<u>62,572,206</u>	<u>607,995,192</u>	<u>61,797,206</u>
Net pension liability	567,149,473	-	12,856,788	554,292,685	-
Compensated absences	34,498,754	2,649,981	2,314,722	34,834,013	1,945,718
Total long-term liabilities	<u>\$1,272,215,625</u>	<u>\$ 2,649,981</u>	<u>\$ 77,743,716</u>	<u>\$1,197,121,890</u>	<u>\$ 63,742,924</u>

**Bonds Payable**

The District’s bonded debt consists of various issues of general obligation bonds. Bond proceeds primarily pay for improving, acquiring or constructing capital assets. Bonds have also been issued to advance refund previously issued bonds. Of the total general obligation bonds originally authorized in 1994 (\$385,799,000) and 2004 (\$951,359,000), \$3,000 of authorization remains unissued. The District repays general obligation bonds from voter-approved property taxes. Federal arbitrage regulations are applicable to all of the District’s bond issues. Interest payments are due on a semi-annual basis. Bonds outstanding at June 30, 2016, were as follows:

<u>Description</u>	<u>Amount Issued</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
General obligation bonds				
Project of 2004, Series B (2007)	\$240,000,000	7/01/2016-21	3.00-4.50%	\$105,885,000
Project of 2004, Series C (2009)	220,000,000	7/01/2016-23	3.00-5.00%	147,745,000
Project of 2004, Series D (2011)	150,000,000	7/01/2016-25	2.00-4.75%	147,000,000
Refunding 2004, Series A (2012)	69,135,000	7/01/2016-19	2.00-4.00%	55,850,000
Series 2013	151,090,000	7/01/2016-27	2.00-3.50%	137,340,000
			Total	<u>\$593,820,000</u>

**NOTE 5 - Long-term Liabilities** (continued)

The following schedule details debt service requirements to maturity for the District's bonds payable at June 30, 2016.

Year Ending June 30:	General Obligation Bonds		Total Debt Service Requirements
	Principal	Interest	
2017	\$ 59,595,000	\$ 21,108,562	\$ 80,703,562
2018	63,860,000	18,775,550	82,635,550
2019	66,745,000	16,199,475	82,944,475
2020	70,130,000	13,517,969	83,647,969
2021	66,175,000	10,897,638	77,072,638
2022-2026	240,640,000	23,825,606	264,465,606
2027-2028	26,675,000	941,588	27,616,588
Total	\$ 593,820,000	\$ 105,266,388	\$ 699,086,388

**Description of Issues****General Obligation Refunding Bonds, Project of 2004, Series A (2012)**

In May 2012, the District issued \$69,135,000 of general obligation refunding bonds to refund \$69,135,000 of G.O. Bonds, Series A (2005). The net proceeds were placed in the Depository Trust Fund to be used to refund the bonds being refunded. In accordance with the refunding plan, the trustee retired the remaining liability for the defeased bonds of \$69,135,000 on July 1, 2014. The General Obligation Refunding Bonds of 2012 are not subject to early redemption prior to their stated maturity dates.

**General Obligation Bonds, Project of 2004, Series B (2007)**

In April 2007, the District issued \$240,000,000 of general obligation bonds. These bonds were issued to make certain improvements to the District's educational facilities and to finance land and equipment purchases. Bonds maturing on or before July 1, 2017 are noncallable. Bonds maturing on or after July 1, 2018 are subject to early redemption.

**General Obligation Bonds, Project of 2004, Series C (2009)**

In April 2009, the District issued \$220,000,000 of general obligation bonds. These bonds were issued to make certain improvements to the District's educational facilities and to finance land and equipment purchases. Bonds maturing on or before July 1, 2019 are noncallable. Bonds maturing on or after July 1, 2020 are subject to early redemption.

**NOTE 5 - Long-term Liabilities** (continued)

**General Obligation Bonds, Project of 2004, Series D (2011)**

In May 2011, the District issued \$150,000,000 of general obligation bonds. These bonds were issued to make certain improvements to the District’s educational facilities and to finance land and equipment purchases. Bonds maturing on or before July 1, 2021 are noncallable. Bonds maturing on or after July 1, 2022 are subject to early redemption.

**General Obligation Bonds, Series 2013**

In June of 2013, the District issued \$151,090,000 of general obligation bonds. These bonds were issued to make certain improvements to the district’s educational facilities, purchase equipment, and pay costs relating to the issuance of the Bonds. Bonds maturing before July 1, 2023 are noncallable. Bonds maturing on or after July 1, 2024 are subject to early redemption.

**NOTE 6 - Pension and Other Postemployment Benefits**

**Plan Description** - District employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS is a component unit of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at [www.azasrs.gov](http://www.azasrs.gov).

**Benefits Provided** - The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefits terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	<b>Retirement Initial Membership Date:</b>	
	<b><u>Before July 1, 2011</u></b>	<b><u>On or after July 1, 2011</u></b>
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* any years, age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

\*With actuarially reduced benefits.

**NOTE 6 - Pension and Other Postemployment Benefits** (continued)

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the retirement benefit option chosen determines the survivor benefit. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

**Contributions** - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2016, statute required active ASRS members to contribute at the actuarially determined rate of

11.47 percent (11.35 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 11.47 percent (10.85 percent for retirement, 0.50 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll. In addition, the District was required by statute to contribute at the actuarially determined rate of 9.36 percent (9.17 percent for retirement, 0.13 percent for health insurance premium benefit, and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked for the District in positions that an employee who contributes to the ASRS would typically fill. The District's contributions to the pension plan for the year ended June 30, 2016, were \$36,678,831. The District's OPEB contributions to the ASRS for the current and 2 preceding years, all of which were equal to the required contributions, were as follows:

<u>Year Ended June 30,</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
2016	\$1,690,258	\$408,031
2015	1,981,053	402,926
2014	2,035,491	814,196

**Pension Liability** - At June 30, 2016, the District reported a liability of \$554,292,685 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The District's proportion measured as of June 30, 2015, was 3.558530 percent, which was a decrease of .274441 from its proportion measured as of June 30, 2014.



**NOTE 6 - Pension and Other Postemployment Benefits** (continued)

**Pension Expense and Deferred Outflows/Inflows of Resources** - For the year ended June 30, 2016, the District recognized pension expense for ASRS of \$15,012,280. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$15,125,445	\$29,045,496
Net Difference between projected and actual investment earnings on pension plan investments		17,763,852
Changes in proportion and differences between district contributions and proportionate share of contributions		32,174,118
District contributions subsequent to the measurement date (fiscal year 2016 district contributions)	36,678,831	
Total	<u>\$51,804,276</u>	<u>\$78,983,466</u>

The \$36,678,831 reported as deferred outflows of resources related to ASRS pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year ending June 30	
2017	\$ (26,624,301)
2018	(34,364,173)
2019	(15,692,819)
2020	12,823,272

**Actuarial Assumptions** - The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2014
Actuarial roll forward date	June 30, 2015
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3-6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

**NOTE 6 - Pension and Other Postemployment Benefits** (continued)

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Equity	58%	6.79%
Fixed income	25%	3.70%
Real estate	10%	4.25%
Multi-asset	5%	3.41%
Commodities	2%	3.93%
Total	<u>100%</u>	

**Discount Rate** - The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the District’s Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate** - The following table presents the District’s proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate:

	<b>1% Decrease (7%)</b>	<b>Current Discount Rate (8%)</b>	<b>1% Increase (9%)</b>
District's proportionate share of the net pension liability	\$ 726,312,837	\$ 554,292,685	\$ 436,402,508

**NOTE 6 - Pension and Other Postemployment Benefits** (continued)

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report.

**Pension Contributions Payable** - The District's accrued liabilities included \$1,204,695 of outstanding pension contribution amounts payable to ASRS for the year ended June 30, 2016.

**NOTE 7 - Operating Expenses**

The District's operating expenses are presented by functional classification in the Statement of Revenues, Expenses, and Changes in Net Position – Primary Government. The operating expenses can also be classified into the following:

Salaries and benefits	\$ 519,205,478
Financial aid	93,231,829
Contract services	74,420,224
Depreciation	56,114,416
Noncapitalized equipment	39,659,381
Communications, utilities, and travel	24,849,037
Supplies and materials	16,788,326
Subscriptions, dues, insurance, and rentals	11,845,386
Total operating expenses	<u><u>\$ 836,114,077</u></u>

The District's uses credit cards to pay certain vendors for goods and services. The District received \$111,156 in rebates resulting from credit card payments for the year ended June 30, 2016.

**NOTE 8 - Risk Management**

The District is exposed to various risks of loss related to legal liability, property, errors and omissions, and injuries to employees. The District carries commercial insurance for all such risks of loss. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

The District finances uninsured risks of loss for certain health benefits to eligible employees and their dependents. The healthcare plan provides coverage for amounts up to \$395,000 per claim. The District purchases commercial insurance for claims in excess of this limit and utilizes a consultant to determine the required annual funding based upon anticipated utilization, cost trends, and benefit levels. Independent administrators provide claim and recordkeeping services for each self-insured plan. The District self-insures workers' compensation claims up to \$450,000 and purchases commercial insurance for claims exceeding \$450,000. Settled claims for workers' compensation and health benefits have not exceeded the District's commercial insurance coverage in any of the past three fiscal years.

**NOTE 8 - Risk Management** (continued)

The insurance claims payable of \$7,010,470 at June 30, 2016, includes the amounts payable for both health benefits and workers' compensation. This amount has been recognized as an expense and is included in accrued liabilities in the Statement of Net Position. It is the estimated cost of settling claims that have been reported but not settled and claims that have been incurred but not reported and is based on actuarial valuations. The District's claims payable for the fiscal years ended June 30, 2015 and June 30, 2016 are as follows:

<b><u>Health Benefits:</u></b>	<b><u>2016</u></b>	<b><u>2015*</u></b>
Claims payable, beginning of year	\$ 6,593,000	\$ 5,640,000
Current year actual and estimated claims	48,962,931	51,328,536
Less: Claim payments	<u>(49,204,931)</u>	<u>(50,375,536)</u>
Claims payable, end of year	<u>\$ 6,351,000</u>	<u>\$ 6,593,000</u>
<b><u>Workers' Compensation:</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Claims payable, beginning of year	\$ 653,357	\$ 713,273
Current year actual and estimated claims	680,591	518,195
Less: Claim payments	<u>(674,478)</u>	<u>(578,111)</u>
Claims payable, end of year	<u>\$ 659,470</u>	<u>\$ 653,357</u>

\*2015 Health Benefits Claims payable, beginning of year, was restated to more accurately reflect actuarial valuations.

**NOTE 9 - Contingencies and Litigation**

The District is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of business. A reasonable estimate of the probable losses based on information currently available is \$1.66 million. This amount has been recognized as an expense and is included in accrued liabilities in the Statement of Net Position. Management through legal counsel will seek denial of the claims. Management believes that the loss, if any, resulting from these claims will not have a material impact on the District's financial position, results of operations, or cash flows in future years.

**NOTE 10 - Subsequent Events**

On May 17, 2016, the Governing Board approved a Resolution authorizing the sale of General Obligation Refunding Bonds, Series 2016, in an amount sufficient to refund any of the District's outstanding general obligation bonds provided that the refunding produced net present value savings of at least 3% of the par amount of the bonds being refunded plus associated costs of issuing the bonds. In addition, it ratified the action of all officers and agents of the District with respect to the issuance, sale, and delivery of refunding bonds at such prices, interest rates,

**NOTE 10 - Subsequent Events** (continued)

principal amounts, maturity dates, and redemption features. \$191,260,000 of refunding bonds were sold on August 2, 2016, and proceeds from the sale have been used to establish an irrevocable depository trust that will provide funds to pay, when due, principal of and interest on the bonds being refunded (General Obligation Bonds, Project of 2004, Series B (2007) \$73,810,000, Series C (2009) \$80,190,000, and Series D (2011) \$62,055,000). The refunding yielded a net present value savings of \$19,222,562 or 8.9% of the bonds being refunded. The sale and establishment of the irrevocable trust was completed on August 25, 2016.

**NOTE 11 - Discretely Presented Component Unit Disclosures**

The District's discretely presented component unit is comprised of the Maricopa County Community College District Foundation.

**NOTE 11 a - Organization Operations and Summary of Significant Accounting Policies**

The significant accounting policies followed by the Foundation are as follows:

**Basis of presentation** - The financial statements are presented in accordance with FASB ASC 958-205, Not-for-Profit Entities – Presentation of Financial Statements. Under FASB ASC 958-205, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Contributions** - The Foundation accounts for contributions in accordance with FASB ASC 958-605, Not-for-Profit Entities – Revenue Recognition. In accordance with FASB ASC 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Unrestricted contributions are distributed as scholarships, as designated by the Board of Directors of the Foundation, or used to further the objectives of the Foundation and to secure current or future endowments through fundraising activities and programs. Temporarily restricted contributions are distributed according to donor specification, generally as scholarships to attendees of Maricopa County Community Colleges or to support programs and projects to advance these colleges. Permanently restricted

**NOTE 11 a - Organization Operations and Summary of Significant Accounting Policies** (continued)

contributions require the principal be invested in perpetuity; the distributable income from the related investments is reflected as temporarily restricted in the statement of activities as specified by the donor.

Unconditional promises to give that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at the fair value of their estimated future cash flows as of the date of the promise to give through the use of a present value discount technique. In periods subsequent to initial recognition, unconditional promises to give are reported at the amount management expects to collect and are discounted over the collection period using the same discount rate as determined at the time of initial recognition. The discount rate determined at the initial recognition of the unconditional promise to give is based upon management's assessment of many factors, including when the receivable is expected to be collected, the creditworthiness of the other parties, the Foundation's past collection experience and its policies concerning the enforcement of promises to give, expectations about possible variations in the amount or timing, or both, of the cash flows, and other factors concerning the receivable's collectability. Amortization of the discounts is included in support from contributions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**Administration Fees** - The Foundation charges an administration fee to defray part of the cost of managing restricted accounts held by the Foundation. A fee of 2% is charged on all new gifts, except endowment gifts. On January 1st of each year, an investment management fee of 200 basis points is charged on all accounts. This fee is not charged to endowment funds, if doing so would reduce the fund below its corpus. Total fees charged by the Foundation were \$378,845 and \$400,087, for the years ended June 30, 2016 and 2015, respectively. A total of \$378,845 and \$400,087 were included in net assets released from restrictions for the years ended June 30, 2016 and 2015, respectively.

**Investments** - The Foundation accounts for its investments in accordance with FASB ASC 958-320, Not-for-Profit Entities – Investments – Debt and Equity Securities and FASB ASC 958-325, Not-for-Profit Entities – Investments – Other. In accordance with FASB ASC 958-320, the Foundation carries its investments in equity securities that have readily determinable fair values, and all investments in debt securities, at fair value. In accordance with FASB ASC 958-325, the Foundation has elected to carry its other investments at fair value.

The combined individual funds participate in a common equity investment pool (the Pool) by contributing their investable assets and receiving an ownership interest in the Pool. The ownership interest in the Pool is based on the ratio of the market value of the individual fund's investable assets to the total market value of the Pool. The ratio is used to allocate earnings activities among individual general and endowment funds.

**NOTE 11 a - Organization Operations and Summary of Significant Accounting Policies** (continued)

**Fair value measurements** - FASB ASC 820, *Fair Value Measurements*, establishes a common definition for fair value to be applied under GAAP requiring the use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements. FASB ASC 820 also establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values by requiring that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3: Unobservable inputs for the asset or liability.

**Income tax status** - The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the Code) and, therefore, there is no provision for income taxes for the entity. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170 of the Code and has been deemed not to be a private foundation. Income determined to be unrelated business taxable income (“UBTI”) would be taxable. Management believes that none of the income in 2016 and 2015 is UBTI.

**Recent accounting pronouncement** - In May 2014, the FASB issued ASU No. 2014-09 (“ASU 2014-09”), Revenue from Contracts with Customers. The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Additionally, ASU 2014-09 will require an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. For nonpublic entities, the ASU will be effective for annual reporting periods beginning after December 15, 2017 and interim periods within annual periods beginning after December 15, 2018. Nonpublic entities may elect to early adopt the ASU, however, adoption is not permitted prior to the public entity effective date.

In August 2015, the FASB issued FASB ASU No. 2015-14, Revenue from Contracts with Customers (Topic 606), which changed the effective date of the provisions of FASB ASU No. 2014-09. As a result, the new effective dates for public business entities, certain not-for-profit entities, and certain employee benefit plans to apply the guidance in FASB

**NOTE 11 a - Organization Operations and Summary of Significant Accounting Policies** (continued)

ASU No. 2014-09 is for annual reporting periods beginning after December 15, 2017. All other entities should apply the guidance in FASB ASU No. 2014-09 to annual reporting periods beginning after December 15, 2018. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016. Transition to the new guidance may be done using either a full or modified retrospective method. The Foundation is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

In August 2016, the FASB issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 improves the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. ASU 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Early application is permitted. The amendments of this ASU are to be applied on a retrospective basis in the year that the ASU is first applied. The Foundation is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

**NOTE 11 b - Pledges Receivable**

Pledges receivable consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Pledges receivable:		
Receivable in less than one year	\$ 1,837,370	\$ 1,548,563
Receivable in one to five years	1,409,845	2,228,446
Receivable in more than five years	<u>298,104</u>	<u>284,971</u>
Total pledges receivable	3,545,319	4,061,980
Less discounts to net present value	(195,187)	(260,262)
Less allowance for uncollectable pledges	<u>(72,606)</u>	<u>(81,039)</u>
Net pledges receivable	<u>\$ 3,277,526</u>	<u>\$ 3,720,679</u>

Pledges receivable that are expected to be collected in more than one year have been discounted to their present value using a discount rate of 5%.



### **NOTE 11 c - Investments**

Investments consist of the following at June 30, 2016:

Equity funds:	
Common stock funds - United States	\$ 6,436,816
Common stock funds - emerging markets	1,531,671
Common stock funds - International	4,482,949
Exchange traded funds – global region	771,528
Exchange traded funds – United States	2,204,138
Fixed Income funds:	
Government agencies - United States	9,860,012
Government bonds	159,864
Corporate bonds - United States	3,688,122
Exchange traded funds – fixed income	2,132,940
Real estate funds – United States	748,160
Partnerships:	
Partnerships – United States	3,592,606
Hedge funds:	
Hedge equity funds - United States	1,867,890
Commodity funds:	
Commodity funds – United States and global	<u>572,867</u>
Total investments	<u>\$ 38,049,563</u>

The following summarizes investment return included in the statement of activities for the year ended June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividends	\$ 161,309	\$ 583,440	\$ -	\$ 744,749
Net realized and unrealized losses	(59,367)	(218,253)	-	(277,620)
Brokerages fees	<u>(35,758)</u>	<u>(150,377)</u>	<u>-</u>	<u>(186,135)</u>
Total	<u>\$ 66,184</u>	<u>\$ 214,810</u>	<u>\$ -</u>	<u>\$ 280,994</u>

### **NOTE 11 d - Restricted Net Assets**

Temporarily restricted net assets are available primarily for scholarship awards. Permanently restricted net assets are to provide a permanent endowment, with the investment income restricted primarily for scholarship awards (see Note 11h – Endowments).

**NOTE 11 d - Restricted Net Assets** (continued)

Net assets released from restriction for the year ended June 30, 2016 consisted of the following:

Program Support	\$ 1,585,989
Scholarships	2,195,420
Administrative fees	<u>378,845</u>
Total net assets released from restriction	<u>\$ 4,160,254</u>

**NOTE 11 e - Contributed Services**

The District provides administration services consisting of office space and administrative salaries to the Foundation without charge. The fair value of the contributed use of office space totaled \$144,432 and \$114,342 for the years ended June 30, 2016 and 2015, respectively. The contributed services received by the Foundation were measured at the cost recognized by the District for the personnel providing the administrative services, which totaled \$1,314,936 and \$1,372,276 for the years ending June 30, 2016 and 2015, respectively. These amounts are reflected in the statement of activities as contributed services and general and administrative expenses.

**NOTE 11 f - Investments Held for Other**

FASB ASC 958-605 establishes standards for transactions in which a not-for-profit organization accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both, to another entity that is specified by the donor. FASB ASC 958-605 specifically requires that if a not-for-profit organization establishes a fund at another not-for-profit organization with its own funds and specifies itself as the beneficiary of that fund, the recipient not-for-profit organization must account for the transfer of such assets as a liability.

Included in investments held for other are assets held in an investment for the benefit of Friends of Public Radio Arizona (“FPRAZ”), a 501(c)(3) not-for-profit organization, under a Funds Administration agreement. FPRAZ is the named beneficiary of the fund with purpose of the fund to support FPRAZ’s mission on behalf of KJZZ/KBAQ Radio at Rio Salado College, a Maricopa Community College. The Foundation has invested the funds into the Pool with earnings activity being allocated to the investments held for other using the same allocation method as all of the other funds invested in the Pool. The Foundation charges an administrative service fee of 0.50% to all new gifts into the fund. Under the Funds Administration agreement, the Foundation has waived the customary 2.00% administration fee charged against all funds under management. In accordance with FASB ASC 958-605, a liability has been established equivalent to the fair value of the assets.

**NOTE 11 f - Investments Held for Other** (continued)

Both the liability and the assets are measured at fair value. The inputs used to determine the fair value of the invested assets are based upon the nature of the assets held within the Pool. The inputs used to determine the fair value of the liability are based upon the fair value of the assets of the Pool and the agency fund's ownership interest in the Pool. Since the fair value of the liability is based primarily upon the observable inputs used during the valuation of the assets but not based upon identical inputs for identical agency liabilities, a Level 2 classification has been assigned for the inputs used to determine the fair value of the assets held for other liability.

The activity for the agency fund is summarized as follows:

	<u>2016</u>	<u>2015</u>
Agency fund, beginning of year	\$ 6,099,283	\$ 6,122,561
Contributions	-	-
Interest and dividends, net of brokerage fees	103,626	95,272
Realized and unrealized investment losses, net	(101,638)	(118,550)
Management fees	-	-
Agency fund, end of year	<u>\$ 6,101,271</u>	<u>\$ 6,099,283</u>

**NOTE 11 g - Fair Value Measurements**

The following table sets forth the level, within the fair value hierarchy of the Foundation's assets and liabilities subject to recurring fair value measurement, other than investments measured at NAV as a practical expedient, as of June 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity funds:				
Common stock funds -				
United States	\$ 3,400,001	\$ -	\$ -	\$ 3,400,001
Common stock funds -				
emerging markets	57,103			57,103
Exchange traded funds -				
global region	771,528	-	-	771,528
Exchange traded funds -				
United States	2,204,138	-	-	2,204,138
Fixed Income funds:				
Government bonds	159,864	-	-	159,864
Corporate bond - United				
States	3,688,122	-	-	3,688,122
Exchange traded funds -				
fixed income	2,132,940			2,132,940
Real estate funds - United				
States	748,160	-	-	748,160
Commodity funds - United				
States and global	572,867	-	-	572,867
Investments held for other				
liability	-	(6,101,271)	-	(6,101,271)

**NOTE 11 g - Fair Value Measurements** (continued)

The Foundation has no other assets or liabilities subject to fair value measurement other than at initial recognition.

**NOTE 11 h - Endowments**

The Foundation's endowments include only donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

In September 2008, the State of Arizona enacted A.R.S.§10-11801 et seq Management of Charitable Funds Act (MCFA). The Board of Directors of the Foundation has interpreted MCFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by MCFA. In accordance with MCFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

**NOTE 11 h - Endowments** (continued)

The changes in endowment net assets for the year ended June 30, 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2015	\$ (24,140)	\$ 4,992,178	\$ 19,412,568	\$ 24,380,606
Contributions and pledge Collections	-	-	1,608,389	1,608,389
Interest and dividends, net of fees	-	433,063	-	433,063
Realized and unrealized losses	(168,976)	(218,253)	-	(387,229)
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(1,336,883)</u>	<u>(41,000)</u>	<u>(1,377,883)</u>
Endowment net assets, June 30, 2016	<u>\$ (193,116)</u>	<u>\$ 3,870,105</u>	<u>\$ 20,979,957</u>	<u>\$ 24,656,946</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or MCFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$193,116 as of June 30, 2016. These deficiencies resulted primarily from unfavorable market fluctuations.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Under this policy, and with assistance of professional investment advisors, the endowment assets are invested in a manner that is intended to produce results while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that consists of equity-securities, corporate bonds, and government securities.

The Foundation's policy is to distribute, for the stated purpose of each fund, 5% of a three-year average of the market value of each endowed fund that is above the original contributed amount as calculated at the end of each year. For funds that are below the original contributed amount, 3% of the three-year average at the end of the year will be eligible for disbursement. Actual investment earnings, in excess of (or less than) distribution, are added to (subtracted from) the endowment principal and available for

**NOTE 11 h - Endowments** (continued)

future disbursements. If these amounts are not fully disbursed within a one-year period, the remaining amounts are transferred back to the endowment funds. For the years ended June 30, 2016 and 2015 earnings of \$1,185,792 and \$1,117,297, respectively, were eligible to be distributed. The unused funds of \$76,797 and \$456,595 were maintained in the endowment funds to be used for future disbursements as of June 30, 2016 and 2015.

**NOTE 11 i - Prior Period Adjustment**

During the fiscal year ended June 30, 2016, additional analysis by management identified a contribution received in 2015 which was erroneously classified as permanently restricted when it should have been classified as temporarily restricted. As a result, a reclassification of \$1,500,000 of temporarily restricted net assets that had been previously reported as permanently restricted net assets was necessary. The effect of the reclassification was to increase temporarily restricted net assets and decrease permanently restricted net assets as of June 30, 2015 by \$1,500,000.

The reclassification also resulted in changes to the characterization of certain cash flow activities related to the contribution associated with the reclassification, as a portion of the contribution was in the form of cash and a portion was in the form of a pledge receivable. As a result of the restatement, net operating cash flows for the year ended June 30, 2015 increased from a net cash outflow from operating activities of \$386,976 as previously reported to net cash inflows from operating activities of \$71,024 as restated. Additionally, the comparative endowment footnote disclosure for the year ended June 30, 2015 within Note 11-h was restated to reduce contributions and pledge collections for endowments from \$2,044,234 as previously reported to \$1,586,234 as restated.

This correction had no effect on total net assets at June 30, 2016 or 2015, or on the total change in net assets for the years then ended.

Required  
Supplemental  
Information

**Maricopa County Community College District  
 Required Supplemental Information  
 Schedule of District's Proportionate Share of the Net Pension Liability  
 June 30, 2016**

<b>Arizona State Retirement System</b>	<b>Reporting Fiscal Year (Measurement Date)</b>		
	<b><u>2016</u> <u>(2015)</u></b>	<b><u>2015</u> <u>(2014)</u></b>	<b><u>2014</u> <u>through 2007</u></b>
District's proportion of the net pension liability	3.56%	3.83%	Information not available
District's proportionate share of the net pension liability	\$ 554,292,685	\$ 567,149,473	
District's covered payroll	336,503,471	339,248,495	
District's proportionate share of the net pension liability as a percentage of its covered payroll	60.71%	59.82%	
Plan fiduciary net position as a percentage of the total pension liability	68.35%	69.49%	



**Maricopa County Community College District  
Required Supplemental Information  
Schedule of District Pension Contributions  
June 30, 2016**

<b>Arizona State Retirement System</b>	<b>Reporting Fiscal Year</b>			<b>2013 through 2007 Information not available</b>
	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	
Statorily required contribution	\$ 36,678,831	\$ 36,569,171	\$ 36,299,589	
District's contributions in relation to the statorily required contribution	36,678,831	36,569,171	36,299,589	
District's contribution deficiency (excess)	-	-	-	
District's covered payroll	\$ 338,143,867	\$ 336,503,471	\$ 339,248,495	
District's contributions as a percentage of covered payroll	10.85%	10.87%	10.70%	

**Maricopa County Community College District  
Required Supplementary Information  
Notes to Pension Plan Schedules  
For the Year Ended June 30, 2016**

**NOTE 1 – Change in Accounting Principle**

For the year ended June 30, 2016, the District implemented the provisions of GASB Statement No. 82, Pension Issues. The statement changed the measure of payroll that is required to be presented in required supplementary information from covered-employee payroll to covered payroll. This change did not result in changes to payroll amounts presented in the pension plan schedules and related ratios in prior years.

# Supplemental Information

**Maricopa County Community College District**  
**Schedule of Revenues, Expenses, and Changes in Net Position**  
**By College/Center**  
**For the Year Ended June 30, 2016**

	<u>Phoenix College</u>	<u>Glendale Community College</u>	<u>GateWay Community College</u>	<u>Mesa Community College</u>	<u>Scottsdale Community College</u>
<b>Operating revenues:</b>					
Tuition and fees, net of scholarship allowance	\$ 10,568,486	\$ 20,168,739	\$ 8,983,848	\$ 27,580,373	\$ 12,813,088
Other	879,933	1,296,946	1,050,695	1,948,481	1,167,002
Total operating revenues	<u>11,448,419</u>	<u>21,465,685</u>	<u>10,034,543</u>	<u>29,528,854</u>	<u>13,980,090</u>
<b>Operating expenses:</b>					
Educational and general:					
Instruction	27,052,937	46,316,777	18,022,061	52,399,346	29,547,337
Public service	580,756	303,219	275,452	405,177	110,694
Academic support	7,699,174	10,036,761	3,167,497	11,949,008	4,894,336
Student services	7,600,139	10,651,864	5,959,686	12,059,606	7,170,758
Institutional support	5,369,826	5,174,621	5,280,983	12,444,975	4,398,669
Operation and maintenance of plant	10,372,104	10,604,417	4,652,032	12,206,690	6,467,540
Student financial assistance	11,926,702	16,780,983	4,486,874	15,739,079	4,384,629
Auxiliary enterprises	1,024,615	2,354,684	10,429,448	3,770,242	4,659,484
Depreciation	4,237,718	5,226,734	4,028,611	5,894,277	4,499,756
Other	-	-	-	-	-
Total operating expenses	<u>75,863,971</u>	<u>107,450,060</u>	<u>56,302,644</u>	<u>126,868,400</u>	<u>66,133,203</u>
Operating loss	(64,415,552)	(85,984,375)	(46,268,101)	(97,339,546)	(52,153,113)
<b>Nonoperating revenues (expenses):</b>					
Property taxes	42,733,638	62,692,852	33,072,652	70,186,976	38,393,066
State-shared sales tax	48,348	-	117,918	-	-
Government grants and contracts	20,996,598	27,777,436	12,212,297	29,034,358	9,182,177
Private grants and contracts	106,570	13,742	658,643	104,973	540,637
Private gifts	708,037	1,018,525	322,062	1,443,406	689,486
Investment earnings, net of investment expense	5,829	305	44	68	31
Interest expense on debt	-	-	-	-	-
Gain (loss) on sale/disposal of capital assets	(183,468)	(46,121)	(128,979)	(128,283)	3,200,825
Total nonoperating revenues and expenses	<u>64,415,552</u>	<u>91,456,739</u>	<u>46,254,637</u>	<u>100,641,498</u>	<u>52,006,222</u>
Income (loss) before other revenues, expenses, gains or losses	-	5,472,364	(13,464)	3,301,952	(146,891)
Capital grants and gifts	-	49,303	13,464	5,695	146,891
Increase in net position	<u>-</u>	<u>5,521,667</u>	<u>-</u>	<u>3,307,647</u>	<u>-</u>

See accompanying notes to supplemental information.

<u>Rio Salado College</u>	<u>South Mountain Community College</u>	<u>Chandler- Gilbert Community College</u>	<u>Paradise Valley Community College</u>	<u>Estrella Mountain Community College</u>	<u>District Support Services Center</u>	<u>Total Colleges/ Centers</u>
\$ 35,314,483	\$ 3,017,567	\$ 16,753,503	\$ 9,822,689	\$ 8,624,199	\$ 1,218,839	\$ 154,865,814
2,253,655	549,495	732,818	761,029	558,619	7,499,264	18,697,937
<u>37,568,138</u>	<u>3,567,062</u>	<u>17,486,321</u>	<u>10,583,718</u>	<u>9,182,818</u>	<u>8,718,103</u>	<u>173,563,751</u>
28,440,014	10,817,025	24,670,398	22,203,131	18,198,261	326,939	277,994,226
9,180,129	131,275	221,599	44,415	192,989	4,721,167	16,166,872
15,216,213	4,208,610	7,470,044	4,143,064	6,586,283	7,118,837	82,489,827
5,369,389	4,306,766	6,253,172	5,719,963	4,597,882	6,628,450	76,317,675
9,628,358	3,203,346	6,132,211	3,890,797	4,192,282	51,592,775	111,308,843
3,715,868	3,945,382	10,252,168	6,435,774	5,240,498	2,120,423	76,012,896
8,722,599	4,796,655	6,104,506	4,382,056	8,709,687	549,991	86,583,761
12,851,045	1,135,204	1,186,899	1,061,043	2,964,528	11,470,965	52,908,157
3,195,817	2,540,994	5,214,733	4,069,180	3,732,973	13,473,623	56,114,416
-	-	-	217,404	-	-	217,404
<u>96,319,432</u>	<u>35,085,257</u>	<u>67,505,730</u>	<u>52,166,827</u>	<u>54,415,383</u>	<u>98,003,170</u>	<u>836,114,077</u>
(58,751,294)	(31,518,195)	(50,019,409)	(41,583,109)	(45,232,565)	(89,285,067)	(662,550,326)
54,636,343	22,545,791	42,946,297	33,419,333	29,823,912	96,905,674	527,356,534
-	-	-	-	-	9,816,047	9,982,313
18,034,068	8,616,897	10,740,396	7,956,633	18,573,947	4,502,654	167,627,461
2,296,407	36,706	(2,440)	29,018	28,517	794,703	4,607,476
7,417,364	314,086	671,818	251,801	381,166	-	13,217,751
2,178	4,715	-	-	-	3,740,249	3,753,419
-	-	-	-	-	(20,861,993)	(20,861,993)
<u>(26,487)</u>	<u>-</u>	<u>(7,147)</u>	<u>(73,676)</u>	<u>(97,355)</u>	<u>(5,612,267)</u>	<u>(3,102,958)</u>
<u>82,359,873</u>	<u>31,518,195</u>	<u>54,348,924</u>	<u>41,583,109</u>	<u>48,710,187</u>	<u>89,285,067</u>	<u>702,580,003</u>
23,608,579	-	4,329,515	-	3,477,622	-	40,029,677
3,285	-	22,630	-	154,500	-	395,768
<u>23,611,864</u>	<u>-</u>	<u>4,352,145</u>	<u>-</u>	<u>3,632,122</u>	<u>-</u>	<u>40,425,445</u>
Total net position - July 1, 2015						<u>250,502,263</u>
Total net position - June 30, 2016						<u>\$ 290,927,708</u>

**Maricopa County Community College District**  
**Notes to Supplemental Information**  
**For the Year Ended June 30, 2016**

**NOTE 1 - Statement of Purpose**

The Maricopa County Community College District Statement of Revenues, Expenses, and Changes in Net Position by College/Center for the Year Ended June 30, 2016, is required by the terms of a Memorandum of Understanding (MOU) between the Maricopa County Community College District (the District) and the Higher Learning Commission (HLC), a commission of the North Central Association of Colleges and Schools (NCA). The MOU outlines an appropriate pattern of evidence to be made available by the District for purposes of meeting certain NCA Criteria for Accreditation related to financial resources/uses and other assurances. This schedule presents revenues and expenses for each college/center within the District.

**NOTE 2 - Bases of Allocations**

The District receives and records property tax revenue on behalf of the colleges. For the purpose of this schedule, these revenues are allocated to the colleges on the basis of full-time student equivalents and a distribution of District Support Services Center costs. Pension expense is allocated to the colleges on the basis of pension contributions for the fiscal year.

Maricopa Skill Center is included with GateWay Community College and Southwest Skill Center is included with Estrella Mountain Community College.



# Statistical Section

The Maricopa County Community College District (the District) implemented the provisions of Governmental Accounting Standards Board Statement No. 44, *Economic Condition Reporting: The Statistical Section*.

This section of the Maricopa County Community College District's comprehensive annual financial report presents detailed information as a context for further understanding of the information in the financial statements, note disclosures, and supplementary information.

## **Financial Trends**

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

## **Revenue Capacity**

These schedules contain information to help the reader assess the District's most significant revenue sources.

## **Debt Capacity**

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

## **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

## **Operating Information**

These schedules contain service and capital asset data to help the reader understand how the information in the District's financial report relates to the services the government provides and the activities it performs.

**Maricopa County Community College District**  
**Schedule of Net Position by Component**  
**Last Ten Fiscal Years**  
**(Dollars in Thousands)**

	<b>Fiscal Year</b>				
	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>
Net investment in capital assets	\$ 279,671	\$ 289,058	\$ 272,857	\$ 259,717	\$ 246,511
Restricted – nonexpendable	332	591	569	654	606
Restricted – expendable	109,527	104,437	105,191	106,252	134,913
Unrestricted	<u>(98,602)</u>	<u>(143,584)</u>	<u>436,819</u>	<u>428,439</u>	<u>429,800</u>
Total net position	<u>\$ 290,928</u>	<u>\$ 250,502</u>	<u>\$ 815,436</u>	<u>\$ 795,062</u>	<u>\$ 811,830</u>

	<b>Fiscal Year</b>				
	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>	<b>2006-07</b>
Net investment in capital assets	\$ 208,096	\$ 175,468	\$ 150,334	\$ 129,637	\$ 109,963
Restricted – nonexpendable	561	553	580	669	921
Restricted – expendable	157,455	161,236	173,756	169,006	147,832
Unrestricted	<u>397,492</u>	<u>322,796</u>	<u>256,120</u>	<u>199,401</u>	<u>159,161</u>
Total net position	<u>\$ 763,604</u>	<u>\$ 660,053</u>	<u>\$ 580,790</u>	<u>\$ 498,713</u>	<u>\$ 417,877</u>

Source: Comprehensive Annual Financial Reports for years presented.



**Maricopa County Community College District**  
**Schedule of Expenses by Identifiable Activity**  
**Last Ten Fiscal Years**  
**(Dollars in Thousands)**

	Fiscal Year				
	2015-16	2014-15	2013-14	2012-13	2011-12
Instruction	\$ 277,994	\$ 291,503	\$ 284,652	\$ 286,661	\$ 274,682
Public service	16,167	16,380	16,811	16,797	16,239
Academic support	82,490	87,384	86,963	81,347	74,342
Student services	76,318	73,666	72,056	70,305	63,909
Institutional support	111,309	112,298	116,376	133,259	106,910
Operation and maintenance of plant	76,013	68,609	69,430	67,244	66,863
Student financial assistance	86,584	96,914	102,958	112,538	120,209
Auxiliary enterprises	52,908	50,662	48,480	53,760	50,419
Depreciation	56,114	50,077	48,271	43,893	39,048
Other	217	447	340	2,380	1,119
Total operating expenses	<u>836,114</u>	<u>847,940</u>	<u>846,337</u>	<u>868,184</u>	<u>813,740</u>
Interest expense on debt	20,862	22,512	24,779	22,275	23,378
Loss on sale/disposal of capital assets	3,103	875	2,397	80	564
Total nonoperating expenses	<u>23,965</u>	<u>23,387</u>	<u>27,176</u>	<u>22,355</u>	<u>23,942</u>
Total expenses	<u>\$ 860,079</u>	<u>\$ 871,327</u>	<u>\$ 873,513</u>	<u>\$ 890,539</u>	<u>\$ 837,682</u>

	Fiscal Year				
	2010-11	2009-10	2008-09	2007-08	2006-07
Instruction	\$ 266,455	\$ 259,910	\$ 262,226	\$ 252,671	\$ 252,772
Public service	15,979	16,409	15,180	13,776	13,269
Academic support	69,546	61,932	63,594	60,482	58,273
Student services	63,399 (2)	128,365 (1)	79,002	66,436	62,432
Institutional support	102,214	109,509 (1)	112,944	107,202	102,096
Operation and maintenance of plant	59,185	66,907 (1)	53,450	49,394	42,245
Student financial assistance	111,598 (2)	4,060 (1)	3,184	3,531	3,147
Auxiliary enterprises	43,124	50,056 (1)	64,611	58,990	63,643
Depreciation	36,744	36,330	30,751	28,821	28,166
Other	1,215	1,013	948	601	585
Total operating expenses	<u>769,459</u>	<u>734,491</u>	<u>685,890</u>	<u>641,904</u>	<u>626,628</u>
Interest expense on debt	24,192	26,309	23,364	23,825	18,040
Loss on sale/disposal of capital assets	109	8	-	181	-
Total nonoperating expenses	<u>24,301</u>	<u>26,317</u>	<u>23,364</u>	<u>24,006</u>	<u>18,040</u>
Total expenses	<u>\$ 793,760</u>	<u>\$ 760,808</u>	<u>\$ 709,254</u>	<u>\$ 665,910</u>	<u>\$ 644,668</u>

Source: Comprehensive Annual Financial Reports for years presented.

- (1) As adjusted in fiscal year 2011.
- (2) As adjusted in fiscal year 2012.

**Maricopa County Community College District**  
**Schedule of Expenses by Use**  
**Last Ten Fiscal Years**  
**(Dollars in Thousands)**

	<b>Fiscal Year</b>				
	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>
Salaries and benefits	\$ 519,206	\$ 542,016	\$ 533,597	\$ 527,939	\$ 503,016
Contract services	80,255	77,727	64,118	66,826	57,597
Financial aid	93,232	103,414	110,664	120,046	127,529
Depreciation	56,114	50,077	48,271	43,893	39,048
Communications, utilities, and travel	24,849	24,421	23,310	24,897	24,512
Noncapitalized equipment	39,659	19,746	20,065	24,522	24,843
Supplies and materials	16,788	17,369	21,100	20,754	21,099
Subscriptions, dues, insurance, and rentals	11,846	10,565	10,339	9,508	10,391
Other expenses	(5,835)	2,605	14,873	29,799	5,705
Total operating expenses	<u>836,114</u>	<u>847,940</u>	<u>846,337</u>	<u>868,184</u>	<u>813,740</u>
Interest expense on debt	20,862	22,512	24,779	22,275	23,378
Loss on sale/disposal of capital assets	3,103	875	2,397	80	564
Total nonoperating expenses	<u>23,965</u>	<u>23,387</u>	<u>27,176</u>	<u>22,355</u>	<u>23,942</u>
Total expenses	<u>\$ 860,079</u>	<u>\$ 871,327</u>	<u>\$ 873,513</u>	<u>\$ 890,539</u>	<u>\$ 837,682</u>

	<b>Fiscal Year</b>				
	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>	<b>2006-07</b>
Salaries and benefits	\$ 485,559	\$ 477,348	\$ 476,551	\$ 448,083	\$ 440,052
Contract services	51,583	48,031	51,283	52,067	53,373
Financial aid	118,305	97,300	44,665	36,330	36,565
Depreciation	36,744	36,330	30,751	28,821	28,166
Communications, utilities, and travel	22,562	21,258	20,827	20,979	19,762
Noncapitalized equipment	17,088	29,294	29,393	24,102	18,493
Supplies and materials	19,585	19,700	16,673	18,497	16,575
Subscriptions, dues, insurance, and rentals	9,477	9,421	9,802	9,698	9,441
Other expenses	8,556	8,380	5,945	3,327	4,201
Total operating expenses	<u>769,459</u>	<u>747,062</u>	<u>685,890</u>	<u>641,904</u>	<u>626,628</u>
Interest expense on debt	24,192	26,309	23,364	23,825	18,040
Loss on sale/disposal of capital assets	109	8	-	181	-
Total nonoperating expenses	<u>24,301</u>	<u>26,317</u>	<u>23,364</u>	<u>24,006</u>	<u>18,040</u>
Total expenses	<u>\$ 793,760</u>	<u>\$ 773,379</u>	<u>\$ 709,254</u>	<u>\$ 665,910</u>	<u>\$ 644,668</u>

Source: Comprehensive Annual Financial Reports for years presented.

**Maricopa County Community College District  
Schedule of Revenues by Source  
Last Ten Fiscal Years  
(Dollars in Thousands)**

	<b>Fiscal Year</b>				
	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>
Tuition and fees, net of scholarship allowance	\$ 154,866	\$ 155,484	\$ 153,195	\$ 149,178	\$ 150,443
Other	18,698	12,480	11,596	14,515	14,144
Total operating revenues	<u>173,564</u>	<u>167,964</u>	<u>164,791</u>	<u>163,693</u>	<u>164,587</u>
Property taxes	527,357	517,731	497,466	475,439	466,813
State appropriations	-	7,410	7,914	8,316	6,891
State-shared sales tax	9,982	9,629	8,928	7,452	7,712
Government grants and contracts	167,627	186,040	195,169	208,101	222,604
Private grants and contracts	4,608	2,567	2,454	2,872	3,601
Private gifts	13,218	13,260	14,029	10,567	10,280
Investment income, net of investment expense	3,753	2,341	2,728	1,488	2,644
Gain on sale/disposal of capital assets	-	-	-	-	-
Total nonoperating revenues	<u>726,545</u>	<u>738,978</u>	<u>728,688</u>	<u>714,235</u>	<u>720,545</u>
Total revenues	<u>\$ 900,109</u>	<u>\$ 906,942</u>	<u>\$ 893,479</u>	<u>\$ 877,928</u>	<u>\$ 885,132</u>

	<b>Fiscal Year</b>				
	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>	<b>2006-07</b>
Tuition and fees, net of scholarship allowance	\$ 145,711	\$ 146,804 (1)	\$ 151,219	\$ 141,086	\$ 141,232
Other	16,621	14,874	12,538	12,860	13,645
Total operating revenues	<u>162,332</u>	<u>161,678</u>	<u>163,757</u>	<u>153,946</u>	<u>154,877</u>
Property taxes	460,519	453,615	443,029	399,567	364,536
State appropriations	45,327	45,327	51,128	57,529	57,528
State-shared sales tax	7,365	7,117	7,233	8,946	10,255
Government grants and contracts	205,301	156,707	99,708	74,690	70,062
Private grants and contracts	3,892	3,602	3,842	3,749	4,566
Private gifts	10,997	10,056	13,726	13,272	12,386
Investment income, net of investment expense	1,228	1,444	8,194	23,089	21,267
Gain on sale/disposal of capital assets	-	-	474	-	69
Total nonoperating revenues	<u>734,629</u>	<u>677,868</u>	<u>627,334</u>	<u>580,842</u>	<u>540,669</u>
Total revenues	<u>\$ 896,961</u>	<u>\$ 839,546</u>	<u>\$ 791,091</u>	<u>\$ 734,788</u>	<u>\$ 695,546</u>

Source: Comprehensive Annual Financial Reports for years presented.

Note: Beginning in fiscal year 2008, government and private grants were reclassified from operating revenue to nonoperating revenue. Prior years have been reclassified for comparison purposes.

(1) As adjusted in fiscal year 2011.

**Maricopa County Community College District**  
**Schedule of Other Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Dollars in Thousands)**

	<b>Fiscal Year</b>				
	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>
Income (loss) before other changes in net position	\$ 40,029	\$ 35,614	\$ 19,966	\$ (12,611)	\$ 47,450
Capital appropriations	-	-	-	-	-
Capital grants and gifts	396	1,541	408	540	776
Total change in net position	<u>\$ 40,425</u>	<u>\$ 37,155</u>	<u>\$ 20,374</u>	<u>\$ (12,071)</u>	<u>\$ 48,226</u>

	<b>Fiscal Year</b>				
	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>	<b>2006-07</b>
Income (loss) before other changes in net position	\$ 103,201	\$ 78,737	\$ 81,838	\$ 68,878	\$ 50,878
Capital appropriations	-	-	-	11,204	11,422
Capital grants and gifts	351	526	238	754	659
Total change in net position	<u>\$ 103,552</u>	<u>\$ 79,263</u>	<u>\$ 82,076</u>	<u>\$ 80,836</u>	<u>\$ 62,959</u>

Source: Comprehensive Annual Financial Reports for years presented.

**Maricopa County Community College District**  
**Assessed Value and Estimated Market Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(Dollars in Thousands)**

Fiscal Year	Property Values Assessed			Total Direct Tax Rate	Total Secured and Unsecured Estimated Market Value	Total Secondary Assessed Value as a Percent of Total Market Value
	Secured	Unsecured	Total			
2015-16	\$ 33,326,722	\$ 1,296,948	\$ 34,623,670	1.4940	\$ 403,013,955	8.6 %
2014-15	33,658,024	1,421,622	35,079,646	1.5187	339,536,632	10.3
2013-14	30,817,627	1,411,380 (1)	32,229,007	1.5340	310,300,015	10.4
2012-13	33,136,394	1,264,062	34,400,456	1.3778	321,960,274	10.7
2011-12	37,474,985	1,285,312	38,760,297	1.2082	359,682,346	10.8
2010-11	48,247,443	1,415,100	49,662,543	0.9728	444,097,352	11.2
2009-10	56,523,957	1,460,095	57,984,052	0.8844	516,184,657	11.2
2008-09	56,831,715	1,471,920	58,303,635	0.9386	516,677,465	11.3
2007-08	48,136,309	1,398,265	49,534,574	0.9760	431,682,163	11.5
2006-07	34,922,001	1,372,693	36,294,694	1.0646	301,474,323	12.0

Source: Maricopa County Department of Finance and the Maricopa County Assessor.

Note: Primary assessed values are used to determine primary levy for maintenance and operations; secondary assessed values are used to determine secondary levy for general obligation bond debt service.

Secured includes centrally valued property, real property, and secured personal property. Unsecured is unsecured personal property.

(1) The Levy Worksheets have been modified for Tax Year 2013 to combine unsecured and secured Personal Property into a single net assessed valuations for the Current Property Subject to Taxation in Prior Year, Current Net Assessed Valuations, and Prior Year Net Assessed Valuations.

**Maricopa County Community College District  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years  
(Per \$100 Assessed Valuation)**

Fiscal Year	Maricopa County Community College District Direct Rate			Overlapping Rates					
	Primary Levy	Secondary Levy	Total	Maricopa County	Education Equalization	Central Arizona Water Conservation District	Other Special Districts	School Districts	Cities
2015-16	\$ 1.2628	\$ 0.2312	\$ 1.4940	\$ 1.58	\$ .51	\$ 0.14	\$ 0 - 7.12	\$ 0.85 - 11.14	\$ 0 - 3.97
2014-15	1.2824	0.2363	1.5187	1.52	.51	.14	0 - 5.61	.77 - 10.64	0 - 3.75
2013-14	1.2896	0.2444	1.5340	1.46	.51	.14	0 - 5.30	.75 - 10.22	0 - 4.04
2012-13	1.1563	0.2215	1.3778	1.47	.47	.10	0 - 6.15	.77 - 10.45	0 - 3.89
2011-12	1.0123	0.1959	1.2082	1.47	.43	.10	0 - 4.05	.76 - 10.80	0 - 2.91
2010-11	0.7926	0.1802	0.9728	1.24	.36	.10	0 - 3.30	.71 - 10.80	0 - 2.44
2009-10	0.7246	0.1598	0.8844	1.16	.33	.10	0 - 3.30	.78 - 10.84	0 - 2.51
2008-09	0.7752	0.1634	0.9386	1.20	.00	.10	0 - 3.30	.69 - 12.72	0 - 2.30
2007-08	0.8246	0.1514	0.9760	1.30 (1)	.00	.10	0 - 3.86	.94 - 8.76	0 - 2.67
2006-07	0.8815	0.1831	1.0646	1.43 (1)	.00	.12	0 - 3.86	.88 - 14.72	0 - 2.97

Source: District records and Maricopa County Department of Finance.

Note: Tax rates for overlapping governments are rounded to the nearest cent.

(1) Data updated in fiscal year 2009.

**Maricopa County Community College District  
Principal Taxpayers  
Current Year and Nine Years Ago**

Taxpayer	Fiscal Year 2015-16			Fiscal Year 2006-07		
	2015-2016 Secondary Assessed Value	Rank	Percentage of 2015-2016 Secondary Assessed Value	2006-2007 Secondary Assessed Value	Rank	Percentage of 2006-2007 Secondary Assessed Value
Arizona Public Service Company	\$ 1,081,236,150	1	3.12 %	\$ 992,712,683	1	2.73 %
Southwest Gas Corporation	151,458,063	2	0.44	160,149,286	3	0.44
Qwest Corporation	141,676,486	3	0.41	364,116,019	2	1.00
Southern California Edison Co	133,176,587	4	0.38	155,952,078	4	0.43
El Paso Electric Co	119,735,509	5	0.35	134,510,032	5	0.37
Arizona Solar One LLC	77,907,385	6	0.23	*		-
Public Service Company of New Mexico	69,688,803	7	0.20	76,751,231	7	0.21
Sundevil Power Holdings, LLC	65,266,335	8	0.19	*		-
Verizon Wireless	64,751,991	9	0.19	*		-
New Harquahala Generating Co, LLC	52,725,000	10	0.15	*		-
Intel Corporation	*			112,778,048	6	0.31
Wells Fargo Bank, NA	*			76,298,346	8	0.21
Target Corporation	*			75,333,484	9	0.21
Wal-Mart Stores Inc.	*			74,140,315	10	0.20
<b>Total Principal Taxpayers</b>	<b>\$ 1,957,622,309</b>		<b>5.66 %</b>	<b>\$ 2,222,741,522</b>		<b>6.11 %</b>
Countywide Secondary Valuation	\$ 34,623,670,323			\$ 36,320,727,275		

\* Taxpayers did not fall within the top 10 for the year identified.

Source: Maricopa County Assessor's Office.

Note: Salt River Project, a local utility, pays an in-lieu tax based on an estimated assessed valuation. The net assessed valuation for tax year 2015 is \$758,245,769.

**Maricopa County Community College District  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)			Collected within the Fiscal Year of the Levy			Total Collections to Date	
	Adjustments	Total Adjusted Levy	Amount	Percentage of Original Levy	Collections in Subsequent Years	Amount	Percentage of Adjusted Levy	
2015-16	\$ (1,626,188)	\$437,289,461	\$ 431,453,800	98.30 %	\$ -	\$ 431,453,800	98.67 %	
2014-15	(2,895,039)	426,623,310	421,433,519	98.12	4,920,581	426,354,100	99.94	
2013-14	(2,788,759)	410,070,763	404,645,803	98.01	5,218,179	409,863,982	99.95	
2012-13	(4,512,531)	392,272,705	386,059,866	97.30	6,062,234	392,122,100	99.96	
2011-12	(5,615,432)	384,257,786	377,344,288	96.79	6,762,504	384,106,792	99.96	
2010-11	(6,776,973)	363,720,023	356,210,394	96.14	7,349,887	363,560,281	99.96	
2009-10	(4,434,579)	356,521,828	345,601,360	95.75	10,773,747	356,375,107	99.96	
2008-09	(2,941,123)	345,347,215	334,032,370	95.91	11,154,532	345,186,902	99.95	
2007-08	(2,771,160)	319,849,788	311,374,459	96.51	8,365,059	319,739,518	99.97	
2006-07	(3,455,416)	295,387,772	289,283,824	96.80	6,010,678	295,294,502	99.97	

Sources: Maricopa County Treasurer and District records.

Notes: Pursuant to Arizona Revised Statutes, the amount of total primary property taxes levied is limited. Starting in fiscal year 1997-98, the District was required to publish notice of its interest to raise taxes to the levy limit and also to hold a public hearing on this proposal. The levy can grow by 2% each year.

The amounts above represent collections relative to the tax levy period, and will not match amounts presented in the financial statements.



**Maricopa County Community College District  
Historic Tuition and Fees  
Last Ten Fiscal Years**

**District Historic Tuition and Fees**

Fiscal Year	Per Credit Hour			Annual Cost Per Full-time Student	Increase	
	General Tuition	Fees	Combined Total		Dollars	Percent
2015-16	\$ 84.00	\$ -	\$ 84.00	\$ 2,520.00	\$ -	- %
2014-15	84.00	- (4)	84.00	2,520.00	90.00	3.70
2013-14	79.00	2.00	81.00	2,430.00	150.00	6.58
2012-13	74.00	2.00	76.00	2,280.00	-	-
2011-12	74.00	2.00	76.00	2,280.00	150.00	7.04
2010-11	69.00	2.00	71.00	2,130.00	-	-
2009-10	69.00	2.00	71.00	2,130.00	-	-
2008-09	69.00	2.00	71.00	2,130.00	180.00	9.23
2007-08	63.50	1.50	65.00	1,950.00	-	-
2006-07	63.50	1.50	65.00	1,950.00	150.00	8.33

**National and Statewide Comparisons  
(Based on Full-time Enrollment for the Academic Year)**

Fiscal Year	Maricopa District		National Community College Average (1)		Arizona Universities Average (3)	
	Annual Cost	Percent Change	Annual Cost	Percent Change	Annual Cost	Percent Change
2015-16	\$ 2,520.00	- %	\$ 3,264.00 (2)	10.46 %	\$ 10,746.00	3.65 %
2014-15	2,520.00	-	2,955.00	2.53	10,368.00	3.23
2013-14	2,430.00	6.58	2,882.00	3.22	10,044.00	3.81
2012-13	2,280.00	-	2,792.00	5.28	9,675.00	1.57
2011-12	2,280.00	7.04	2,652.00	8.73	9,525.00	28.53
2010-11	2,130.00	-	2,439.00	6.74	7,411.00	16.27
2009-10	2,130.00	-	2,285.00	6.98	6,374.00	14.95
2008-09	2,130.00	9.23	2,136.00	3.64	5,545.00	12.04
2007-08	1,950.00	-	2,061.00	2.13	4,949.00	6.16
2006-07	1,950.00	8.33	2,018.00	4.29	4,662.00	5.28

Source: District records.

Note 1: U.S. Department of Education, National Center for Education Statistics, 2011-12 and 2012-13 Integrated Postsecondary Education Data System (IPEDS).

Note 2: Estimates provided by U.S. Department of Education and District Budget Office.

Note 3: Arizona Board of Regents, Tuition History.

Note 4: Effective in fiscal year 2014-15, Student Activity Fees are combined with General Tuition.

**Maricopa County Community College District**  
**Schedule of Ratios of Outstanding Debt**  
**Last Ten Fiscal Years**  
(Dollars in Thousands, except for per capita, per student and per FTSE)

	<b>For the Fiscal Year Ended June 30</b>				
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>General Bonded Debt</b>					
General obligation bonds, net	\$ 607,995	\$ 670,567	\$ 731,665	\$ 787,567	\$ 682,342
Per capita	\$ 149.15	\$ 167.28	\$ 185.47	\$ 202.74	\$ 177.54
Per student	\$ 2,950.94	\$ 3,114.57	\$ 3,232.04	\$ 3,309.84	\$ 2,771.90
Per FTSE	\$ 8,457.53	\$ 8,805.87	\$ 9,326.04	\$ 9,696.95	\$ 8,218.61
<b>Other Debt</b>					
Revenue bonds	\$ -	\$ -	\$ -	\$ 410	\$ 1,240
Capital lease obligations	-	-	25	49	72
Total outstanding debt	<u>\$ 607,995</u>	<u>\$ 670,567</u>	<u>\$ 731,690</u>	<u>\$ 788,026</u>	<u>\$ 683,654</u>
Per capita	\$ 149.15	\$ 167.28	\$ 185.48	\$ 202.85	\$ 177.88
Per student	\$ 2,950.94	\$ 3,114.57	\$ 3,232.15	\$ 3,311.77	\$ 2,777.23
Per FTSE	\$ 8,457.53	\$ 8,805.87	\$ 9,326.36	\$ 9,702.60	\$ 8,234.41

	<b>For the Fiscal Year Ended June 30</b>				
	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>General Bonded Debt</b>					
General obligation bonds, net	\$ 750,614	\$ 659,941	\$ 734,798	\$ 561,229	\$ 613,589
Per capita	\$ 196.29	\$ 164.03	\$ 184.25	\$ 143.63	\$ 161.78
Per student	\$ 2,940.72	\$ 2,710.90	\$ 3,179.57	\$ 2,449.35	\$ 2,616.32
Per FTSE	\$ 8,878.38	\$ 8,444.65	\$ 10,482.29	\$ 8,246.70	\$ 8,820.81
<b>Other Debt</b>					
Revenue bonds	\$ 12,585	\$ 14,000	\$ 15,905	\$ 18,300	\$ 20,605
Capital lease obligations	94	115	136	211	419
Total outstanding debt	<u>\$ 763,293</u>	<u>\$ 674,056</u>	<u>\$ 750,839</u>	<u>\$ 579,740</u>	<u>\$ 634,613</u>
Per capita	\$ 199.60	\$ 167.54	\$ 188.28	\$ 148.37	\$ 167.33
Per student	\$ 2,990.40	\$ 2,768.88	\$ 3,248.98	\$ 2,530.14	\$ 2,705.96
Per FTSE	\$ 9,028.35	\$ 8,625.27	\$ 10,711.12	\$ 8,518.70	\$ 9,123.05

Source: Comprehensive Annual Financial Reports for years presented, Office of Employment and Population Statistics, and District records.

**Maricopa County Community College District  
Revenue Bond Coverage  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Gross Revenues (1)</b>	<b>Debt Service Requirements</b>			<b>Coverage Ratio</b>
		<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2015-16	\$ 255,975,215	\$ -	\$ -	\$ -	0.0
2014-15	256,922,245	-	-	-	0.0
2013-14	259,054,302	-	-	-	0.0
2012-13	262,851,300	410,000	8,200	418,200	628.5
2011-12	272,839,165	830,000	33,000	863,000	316.2
2010-11	256,779,951	795,000	533,980	1,328,980	193.2
2009-10	236,571,816	1,415,000	580,081	1,995,081	118.6
2008-09	216,932,185	1,905,000	649,415	2,554,415	84.9
2007-08	215,355,081	2,395,000	728,534	3,123,534	68.9
2006-07	209,985,122	2,305,000	806,652	3,111,652	67.5

Source: District records.

Note: Repayment of revenue bond debt is secured by a pledge of a portion of the District's gross revenues as defined by the bond indentures.

The final revenue bond principal and interest payments were made in fiscal year 2014.

(1) Gross revenues were restated in fiscal year 2012 to reflect a more comprehensive interpretation of the term as defined by the bond indentures.

**Maricopa County Community College District  
Computation of Legal Debt Margin  
Last Ten Fiscal Years**

	<b>Fiscal Year</b>				
	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>
Debt Limit	\$ 5,193,550,548	\$ 5,261,946,989	\$ 4,834,351,022	\$ 5,160,068,357	\$ 5,814,044,507
Total net debt applicable to limit	<u>534,225,000</u>	<u>593,820,000</u>	<u>654,215,000</u>	<u>712,783,980</u>	<u>615,066,983</u>
Legal debt margin	<u>\$ 4,659,325,548</u>	<u>\$ 4,668,126,989</u>	<u>\$ 4,180,136,022</u>	<u>\$ 4,447,284,377</u>	<u>\$ 5,198,977,524</u>
Total net debt applicable to the limit as a percentage of debt limit	10.29%	11.29%	13.53%	13.81%	10.58%

	<b>Fiscal Year</b>				
	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09 (1)</b>	<b>2007-08</b>	<b>2006-07</b>
Debt Limit	\$ 7,449,381,543	\$ 8,697,607,758	\$ 8,745,545,293	\$ 7,430,186,075	\$ 5,444,204,040
Total net debt applicable to limit	<u>671,250,000</u>	<u>587,930,000</u>	<u>653,040,000</u>	<u>507,390,000</u>	<u>557,390,000</u>
Legal debt margin	<u>\$ 6,778,131,543</u>	<u>\$ 8,109,677,758</u>	<u>\$ 8,092,505,293</u>	<u>\$ 6,922,796,075</u>	<u>\$ 4,886,814,040</u>
Total net debt applicable to the limit as a percentage of debt limit	9.01%	6.76%	7.47%	6.83%	10.24%

**Legal Debt Margin Calculation for Fiscal Year 2015-16**

Secondary Assessed Value of Real and Personal Property	\$ 34,623,670,323
Debt Limit, 15% of Secondary Assessed Value	<u>5,193,550,548</u>
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonded Debt	593,820,000
Capital Leases	-
Amount Available for Debt Repayment	<u>(59,595,000)</u>
Total Debt Applicable to Debt Limit	<u>534,225,000</u>
Legal Debt Margin	<u>\$ 4,659,325,548</u>

Note: The Arizona Constitution, Article 9, Section 8, states that a county or school district may become indebted for an amount not to exceed fifteen percent of taxable property. For fiscal year 2015-16, the District was at 1.54%.

(1) Data corrected in fiscal year 2010.

**Maricopa County Community College District  
Schedule of Demographic and Economic Statistics  
Last Ten Fiscal Years**

<u>Year</u>	<u>County Population</u>	<u>County Personal Income (In Thousands)</u>	<u>County Income per Capita</u>	<u>Phoenix Metro Area Unemployment Rate – June</u>
2016	4,076,438	Not Available (1)	Not Available (1)	5.3 %
2015	4,008,651	\$ 175,437,829	\$ 42,092	5.4
2014	3,944,859	168,483,421	41,222	6.5
2013	3,884,705	160,537,029	40,003	7.3
2012	3,843,370	154,926,697 (2)	39,300 (2)	7.7
2011	3,824,058	147,724,392	38,071	9.2
2010	4,023,331	140,351,646	36,695	9.8
2009	3,987,942	137,970,508	36,272	9.6
2008	3,907,492	148,462,926	39,369	5.2
2007	3,792,675	145,880,680	37,666	3.1

Source: Arizona Department of Administration, Office of Employment and Population Statistics at [www.azstats.gov](http://www.azstats.gov), Bureau of Labor Statistics, and Bureau of Economic Analysis.

Notes: All information given for Maricopa County unless otherwise indicated.

Population figures are estimates as of July 1 of each fiscal year.

Amounts obtained are based on estimates which are periodically updated. The numbers provided reflect the most accurate estimates.

(1) Information not available at date of report. Future data will be added as it becomes available.

(2) Beginning with 2012, data is taken from Bureau of Economic Analysis.

**Maricopa County Community College District  
Top 10 Employers in Maricopa County  
(Ranked by the number of full-time equivalent employees in Arizona)  
Current Year and Nine Years Ago**

<u>Employer</u>	<u>Fiscal Year 2015-16</u>			<u>Fiscal Year 2006-07</u>		
	<u>Number of Full-Time Equivalent Employees in Arizona</u>	<u>Rank</u>	<u>Percentage of Total MSA Employment</u>	<u>Number of Full-Time Equivalent Employees in Arizona</u>	<u>Rank</u>	<u>Percentage of Total MSA Employment</u>
State of Arizona	42,687	1	2.03 %	49,305	1	2.48 %
Banner Health System	40,226	2	1.91	16,400	3	0.82
Wal-Mart Stores, Inc.	34,350	3	1.63	28,800	2	1.45
Fry's Food Stores	18,870	4	0.90	11,780	8	0.59
Wells Fargo & Company	14,860	5	0.71	11,800	7	0.59
University of Arizona	14,521	6	0.69	*		-
City of Phoenix	14,421	7	0.69	14,166	4	0.71
US Postal Service	13,509	8	0.64	11,000	9	0.55
Arizona State University	12,488	9	0.59	12,083	6	0.61
Intel Corp.	11,000	10	0.52	*		-
Maricopa County	*			13,274	5	0.67
Raytheon Co.	*			10,750	10	0.54
<b>Total Principal Employers</b>	<b>216,932</b>		<b>10.31 %</b>	<b>179,358</b>		<b>9.01 %</b>
Total Employment in Phoenix-Mesa-Glendale, AZ, Metropolitan Statistical Area as of June 30	2,104,040			1,990,231		

\* Employers did not fall within the top 10 for the year identified.

Source: The Business Journal, Book of Lists.

Bureau of Labor Statistics for Phoenix-Mesa-Glendale, AZ, Metropolitan Statistical Area.

**Maricopa County Community College District  
Employee Statistics  
Last Ten Fiscal Years**

	<b>For the Fiscal Year Ended June 30</b>				
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Faculty</b>					
Part-time	4,822	5,089	5,126	5,306	5,220
Full-time	1,419	1,500	1,592	1,576	1,536
<b>Administrative &amp; support staff</b>					
Part-time	1,965	1,894	126	140	146
Full-time	3,024	2,971	3,012	2,951	2,746
<b>Total employees</b>	<b>11,230</b>	<b>11,454</b>	<b>9,856</b>	<b>9,973</b>	<b>9,648</b>
Students per faculty member	33	33	34	35	36
Students per staff member	41	44	72	77	85
Average class size	20	21	21	21	22

	<b>For the Fiscal Year Ended June 30</b>				
	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Faculty</b>					
Part-time	4,893	4,894	3,974	3,964	4,123
Full-time	1,440	1,496	1,501	1,499	1,469
<b>Administrative &amp; support staff</b>					
Part-time	145	136	163	161	174
Full-time	2,744	2,303	2,343	2,311	2,377
<b>Total employees</b>	<b>9,222</b>	<b>8,829</b>	<b>7,981</b>	<b>7,935</b>	<b>8,143</b>
Students per faculty member	40	38	42	42	42
Students per staff member	88	100	92	93	92
Average class size	22	22	22	22	21

Source: District records for Integrated Postsecondary Education Data System (IPEDS).

Note: Data is as of November 1st of the fiscal year.

The source for the data changed effective with FY2016 and all prior years have been restated.

The method for calculating part time administrative and support staff changed effective FY2015.

**Maricopa County Community College District  
Enrollment and Degree Statistics  
Last Ten Fiscal Years**

**Historic Headcount**

<u>College/Center</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Phoenix	17,382	17,804	19,008	19,476	19,525	21,392	20,247	18,874	18,709	20,275
Glendale	27,947	29,306	30,926	31,666	32,854	32,962	32,378	29,840	29,936	30,767
GateWay	8,495	9,592	10,444	10,962	11,674	13,266	14,159	13,549	14,350	15,633
Mesa	30,770	33,238	36,054	38,602	40,070	41,836	41,759	39,605	39,860	41,594
Scottsdale	14,760	14,770	15,384	16,527	17,474	17,702	17,492	17,343	17,618	17,866
Rio Salado	45,317	46,836	48,333	52,685	56,031	57,746	52,634	50,784	49,806	48,761
South Mountain	5,772	6,159	6,801	7,338	8,027	10,186	9,490	8,905	7,799	7,212
Chandler-Gilbert	19,040	19,225	19,297	19,791	19,611	17,938	16,388	15,696	15,101	14,033
Paradise Valley	12,516	13,314	14,198	14,380	15,246	16,046	15,673	14,633	14,159	14,006
Estrella Mountain	12,571	12,994	13,009	12,475	12,508	12,612	11,636	10,551	10,026	9,938
Skill Centers	1,461	1,752	1,681	1,748	2,016	2,298	2,471	2,097	1,527	1,815
Adult Basic Education	10,003	10,310	11,244	12,297	11,128	11,264	9,113	9,223	10,243	12,624
<b>Total</b>	<b>206,034</b>	<b>215,300</b>	<b>226,379</b>	<b>237,947</b>	<b>246,164</b>	<b>255,248</b>	<b>243,440</b>	<b>231,100</b>	<b>229,134</b>	<b>234,524</b>

**Historic FTSE**

<u>College/Center</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Phoenix	6,621	6,753	6,977	7,001	7,137	7,576	6,821	5,911	5,848	6,253
Glendale	11,229	11,799	12,390	12,473	12,728	12,777	11,959	10,428	10,023	10,248
GateWay	3,128	3,310	3,482	3,415	3,567	3,897	3,823	3,661	3,677	3,805
Mesa	12,136	13,148	13,886	14,709	15,363	16,097	15,501	13,792	13,653	14,432
Scottsdale	5,288	5,362	5,622	6,030	6,350	6,397	6,312	5,896	5,949	5,926
Rio Salado	11,518	12,494	12,584	13,815	14,263	14,378	12,220	11,937	12,230	12,127
South Mountain	2,318	2,423	2,586	2,737	2,778	2,954	2,746	2,251	2,086	2,052
Chandler-Gilbert	7,828	7,894	7,936	8,047	7,830	7,206	6,465	5,677	5,326	4,803
Paradise Valley	4,641	4,882	5,109	5,260	5,503	5,715	5,505	4,826	4,368	4,451
Estrella Mountain	5,362	5,522	5,330	4,932	4,709	4,739	4,184	3,416	3,087	3,045
Skill Center	498	1,137	1,220	1,171	1,187	1,471	1,530	1,309	629	727
Adult Basic Education	1,321	1,426	1,332	1,628	1,609	1,337	1,083	995	1,179	1,692
<b>Total</b>	<b>71,888</b>	<b>76,150</b>	<b>78,454</b>	<b>81,218</b>	<b>83,024</b>	<b>84,544</b>	<b>78,149</b>	<b>70,099</b>	<b>68,055</b>	<b>69,561</b>

**Degrees and Certificates Awarded**

	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Associate of Arts	5,537	5,040	4,947	4,486	4,360	4,007	3,173	2,853	2,505	2,330
Associate of Applied Science	3,273	3,403	3,429	3,115	3,049	2,900	2,838	2,708	2,505	2,331
Associate of Business	955	796	833	723	732	562	526	408	336	293
Associate of General Studies	631	655	690	685	604	601	651	692	740	896
Associate in Science	954	891	825	696	630	524	418	395	307	292
Associate of Transfer Partnership	-	-	0	0	11	12	68	189	322	426
Academic Certificate	145	158	196	121	72	41	30	20	6	13
Certificates of Completion										
in Occupational Programs	8,728	9,118	9,128	8,550	8,589	7,467	5,768	7,166	7,814	8,123
Arizona General Education Certificate	7,685	6,954	6,812	6,073	5,900	5,276	4,312	3,762	2,833	4,650

Source: District records.

Notes: FTSE refers to Full-Time Student Equivalent which is calculated by dividing total enrollment credit hours per semester by 15 credit hours (the number of hours considered to be a full-time student).



**Maricopa County Community College District  
Student Enrollment Demographic Statistics  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Attendance</u>		<u>Enrollment Status</u>			<u>Residency</u>		
	<u>FT</u>	<u>PT</u>	<u>Continuing</u>	<u>New</u>	<u>Former</u>	<u>Resident</u>	<u>Out of County</u>	<u>Out of State</u>
2015-16	27 %	73 %	57 %	25 %	18 %	93 %	3 %	4 %
2014-15	28	72	57	25	18	93	3	4
2013-14	28	72	46	39	15	92	3	5
2012-13	28	72	45	40	15	92	3	5
2011-12	29	71	45	41	14	91	3	6
2010-11	28	72	43	42	15	89	3	8
2009-10	28	72	41	43	16	89	3	8
2008-09	25	75	41	42	17	88	2	10
2007-08	25	75	46	39	15	88	2	10
2006-07	24	76	46	39	15	92	3	5

<u>Fiscal Year</u>	<u>Gender</u>		<u>Ethnic Background</u>						<u>Median Age</u>
	<u>M</u>	<u>F</u>	<u>Native American</u>	<u>Asian</u>	<u>African American</u>	<u>Hispanic</u>	<u>Anglo</u>	<u>Other</u>	
2015-16	44 %	56 %	3 %	5 %	8 %	27 %	47 %	10 %	21
2014-15	44	56	3	5	8	26	48	10	22
2013-14	44	56	3	5	8	25	50	9	22
2012-13	44	56	3	5	9	23	51	9	22
2011-12	43	57	3	5	9	22	53	8	23
2010-11	43	57	3	4	8	21	55	9	22
2009-10	43	57	3	4	7	20	55	11	22
2008-09	43	57	3	4	6	20	58	9	22
2007-08	43	57	3	4	6	19	58	10	22
2006-07	42	58	3	4	5	20	58	10	23

Source: District records.

**Maricopa County Community College District  
Schedule of Capital Asset Information  
Last Ten Fiscal Years**

Location	Fiscal Year									
	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Phoenix										
Total Square Footage	759,403	753,589	753,589	763,792	699,830	643,816	609,814	609,814	595,300	575,500
Total Acreage	66.0	66.0	65.7	65.7	65.7	63.8	61.5	61.5	61.5	61.5
Glendale										
Total Square Footage	832,028	809,889	809,889	820,986	820,986	820,986	820,986	820,986	735,100	735,100
Total Acreage	313.1	313.1	314.0	314.0	314.0	314.0	314.0	314.0	314.0	314.0
GateWay										
Total Square Footage	532,697	532,697	532,697	532,697	406,074	373,426	373,426	373,426	373,200	373,200
Total Acreage	43.1	43.1	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0
Mesa										
Total Square Footage	1,036,593	1,019,257	998,333	998,333	997,758	997,758	961,956	982,072	911,219	834,519
Total Acreage	248.6	248.6	248.9	248.9	248.9	248.9	248.3	248.8	248.3	243.3
Scottsdale										
Total Square Footage	564,437	563,937	570,943	566,167	566,167	566,926	559,058	562,058	511,900	510,600
Total Acreage	162.2	162.2	168.0	168.0	168.0	168.0	162.0	162.0	162.0	162.0
Rio Salado										
Total Square Footage	462,521	465,521	465,521	439,909	445,084	409,365	357,028	284,562	445,770	244,285
Total Acreage	31.4	31.4	31.0	31.0	31.0	29.0	19.0	15.0	15.0	15.0
South Mountain										
Total Square Footage	302,010	302,010	302,010	301,490	301,490	301,490	249,885	249,885	247,000	246,700
Total Acreage	148.3	142.9	148.8	148.8	148.8	148.8	148.8	148.8	148.8	148.8
Chandler-Gilbert										
Total Square Footage	666,825	654,380	654,380	580,329	580,329	580,329	562,434	504,988	450,000	446,000
Total Acreage	189.8	189.8	189.3	185.3	173.3	173.3	174.3	174.3	174.3	174.3
Paradise Valley										
Total Square Footage	463,320	440,203	440,203	428,356	424,311	424,311	420,566	420,566	371,900	371,900
Total Acreage	175.9	175.9	171.0	171.0	171.0	171.0	171.0	159.0	159.0	165.0
Estrella Mountain										
Total Square Footage	360,039	333,229	333,229	281,973	281,973	281,973	281,973	250,388	250,000	250,000
Total Acreage	221.1	221.1	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0
District Services Support Center										
Total Square Footage	296,483	296,483	296,483	296,483	291,299	291,299	291,299	291,299	280,705	240,066
Total Acreage	11.7	11.7	12.1	12.1	9.8	9.8	9.8	9.8	9.8	7.6
Totals for District:										
Total Square Footage	6,276,356	6,171,195	6,157,277	6,010,515	5,815,301	5,691,679	5,488,425	5,350,044	5,172,094	4,827,870
Total Acreage	1,611.2	1,606.3	1,606.8	1,602.8	1,588.5	1,584.6	1,566.7	1,551.2	1,550.7	1,549.5

Source: District records.



Comprehensive Annual Financial Report

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