

# 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, 2006





# **Comprehensive Annual Financial Report**

**Fiscal Year Ended June 30, 2006**

**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, 2006

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# Introductory Section



www.maricopa.edu

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CHANCELLOR

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December 12, 2006

To the Residents of the Maricopa County Community College District:

This Comprehensive Annual Financial Report is a snapshot of how the Maricopa Community Colleges operate financially. It is also a blueprint for the level of sound fiscal management the Maricopa Community Colleges are known for, another example of our commitment to continue good stewardship of tax dollars while ensuring that community and student needs are met.

Our commitment begins with the students and communities we serve. The Maricopa Community Colleges provide quality higher education to more than 275,000 students in 10 community colleges, two skills centers and satellite education centers throughout metropolitan Phoenix and Maricopa County.

During its 40 plus year existence, the Maricopa Community Colleges have become the largest provider of workforce skills training in Arizona. Our colleges have also become the preferred pipeline to a university education, with more than half of our students continuing their success at universities throughout the nation and world.

We at the Maricopa Community Colleges are proud of the role we have played in educating the citizenry and helping drive the local economy. But we have not been alone in our efforts. We have always enjoyed the benefit of the generosity and support of the people we serve, and for that we will always be grateful. As Maricopa County's population has swelled over the years, so has our enrollment. As community needs have presented themselves, the Maricopa Community Colleges have responded. The taxpayers we serve also responded: a staggering 76.4% of the voters of Maricopa County supported our 2004 request for a \$951 million capital program necessary to meet the educational needs of the community and workforce.

The strong partnership we've enjoyed with the community has endured because the Maricopa Community Colleges have always strived to fulfill the dreams and goals of our students, as well as taxpayers; we recognize they are one and the same, and that we all share the same responsibility for improving the lives of our community. We will continue to add programs, courses and support services needed for the highest quality learning experience and to meet community needs for a well educated citizenry and workforce.

We pledge to continually evaluate our operations to ensure the most efficient and effective operations and to ensure that we remain good and trusty stewards of public funds. Our commitment to that responsibility is reflected in this Comprehensive Annual Financial Report. I believe when you look beyond our exceptional bond ratings, prudent and effective use of tax revenues and balanced bottom line, you'll discover yet again the strength of our community partnerships, and our commitment to serve and spend wisely.

Sincerely,

Rufus Glasper, Ph.D., CPA  
Chancellor





www.maricopa.edu

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CHANCELLOR

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December 12, 2006

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, 2006 (FY 2006).

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 ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

Audit services are provided to the MCCCD by the 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, included in this document. The auditors' opinion is unqualified.

The CAFR is presented in three sections: Introductory, Financial, and Statistical. The introductory section includes a message from the Chancellor, this transmittal letter, the District's organizational chart, and a list of principal officers. The financial section includes the Management's Discussion and Analysis (MD&A), the independent auditors' report, the basic financial statements, and supplemental information. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The statistical section includes selected unaudited financial and demographic information, generally presented on a multi-year basis.

### **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

## **Reporting Entity** (continued)

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 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 MCCCCD is subject to the oversight of the District’s Governing Board (the Board), which is comprised of five elected members, representing each of the five precincts in the county. These members are elected for six-year terms on a staggered basis. The Board is granted full authority from the Arizona Revised Statutes to manage the business and educational needs of the District.

The District serves the educational needs of the Maricopa County area through ten accredited institutions and two skill centers, managed by ten college presidents and two directors, respectively. District-wide administrative and support services are centralized and administered by the Chancellor, Chief Information Officer for Information Technologies and four Vice Chancellors: Vice Chancellor for Student Development & Community Affairs, Vice Chancellor for Business Services, Vice Chancellor for Academic Affairs, and Vice Chancellor for Human Resources.

## **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, and Gilbert, plus other smaller cities and towns and all the unincorporated areas of the County.

For the past three decades, Maricopa County has been one of the most rapidly growing counties in the country in terms of population, employment and personal income. According to the U.S. Census Bureau Population Division, Maricopa County’s population increased by 45% in the 10

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

year period between the official census dates of April 1990 to 2000, and is the fourth most populated county in the nation. As of July 2005, the Department of Economic Security estimated the County's population to be 3,648,545, which represents an increase of almost 19% from the official April 2000 census.

The County has slightly over 60% of the State's total population and 65% of the total labor force. A majority of the County's labor force (79%) is employed in the service markets. These include trade, transportation and utilities; professional and business services; government; education and healthcare; and leisure/hospitality.

### **Types of Services**

The District is the largest single provider of post-secondary education in Arizona -- offering affordable education to more than 275,000 individuals year-round in both credit and special-interest/non-credit classes.

The District delivers effective teaching and learning through modern occupational programs and training, through extensive partnerships with business and industry, as well as through a vast array of classes that transfer to four-year institutions. There are currently 10,156 credit-course offerings: 3,268 academic courses and 6,888 occupational courses included in 973 occupational programs. Students include those in traditional credit classes as well as senior adults, business professionals, and others taking computer and web-based training, job-readiness training, and job-related certificate training. As indicated by racial category, the student enrollment data mirrors the population of Maricopa County: 58% Anglo, 19% Hispanic, 5% African American, 4% Asian, 3% Native American and 11% 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 the Fall of 2005, 24,120 ASU undergraduates had transferred MCCCDC credits (representing 50% of the total ASU undergraduate enrollment).

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 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 as well as the State's other community colleges, public universities, and multiple private colleges, universities and technical institutes play a key role in providing the necessary workforce development and job training offerings to meet the current and burgeoning state employment markets. This solid infrastructure of



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

educational institutions significantly contributes to the dynamic performance of the Arizona workforce and its economy.

According to the Arizona Department of Economic Security Research Administration (DES/RA), Arizona's economy is expected to grow in 2006 and 2007. Specifically, Arizona's non-farm jobs are forecasted to grow by 4.9% in 2006 and 4% in 2007. This translates into an estimated increase of 228,000 non-farm jobs over a two-year period. The increase is anticipated to occur primarily in construction and the professional and business services sectors. The forecast is consistent with the actual workforce growth in Arizona and Maricopa County as reported through August 2006, with the highest increases from August 2005 to August 2006 in those same sectors.

## **Long Term Strategic Financial and Operational Planning**

The District engages in an annual strategic and operational 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 each fiscal year, the 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 level of quality 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 the 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 spending priorities through the strategic planning process. The Financial Advisory Council (FAC), which has broad based membership representing students, faculty, staff, administration, and the Governing Board, is responsible for the supervision and coordination of the district wide budget process. The FAC

## **Long Term Strategic Financial and Operational Planning** (continued)

thoroughly reviews program needs and available resources before making budget recommendations to 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. In an April public meeting, the Governing Board adopts a preliminary budget, with final budget adoption in June.

### **Financial Reporting**

An automated financial record 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 whether 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 and 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.

### **Cash Management**

In terms of the overall investment of available cash, the District is governed by the Arizona Revised Statutes relating to investment of public funds. The fiduciary responsibility for such investments is entrusted to the Board and facilitated through the Audit and Finance Committee.

Certain cash is on deposit with the State Treasurer and is invested on a pooled basis with interest prorated back to the District. Amounts available are invested by the Treasurer in a prudent, conservative, and secure manner for the highest yield as prescribed by the District's investment policy and Arizona Revised Statutes.

### **Risk Management**

The District is one of the first higher education institutions to combine both traditional risk management concepts and enterprise risk management concepts into one integrated risk management program. The Maricopa Integrated Risk Assessment (MIRA) project enables personnel to collaboratively identify, assess, and manage future risks and opportunities individually and across the MCCCCD. Components of this traditional risk management program include risk control (such as the design and implementation of safety programs), claims administration, and the purchases of liability, property, crime, aviation, workers' compensation, and student insurance policies.

## **Long Term Strategic Financial and Operational Planning** (continued)

The MCCCCD's Risk Management Division is responsible for the administration of its comprehensive integrated risk management program, except the workers' compensation program that is administered by the MCCCCD's Compensation Department.

### **Major Initiatives**

An emerging vision of the "Beyond Boundaries" program is the tenet: "A Community of Colleges...Colleges for the Community", which challenges all employees in the district to identify opportunities that will strengthen relationships of mutual benefit and support among the colleges and between our colleges and communities. Described here are a few of the initiatives undertaken to achieve those objectives.

#### **ASU and NAU Alliances**

To increase the number of students who complete their Associate and Baccalaureate degrees, Maricopa has invested in new partnerships with Arizona State University (ASU) and Northern Arizona University (NAU). The Maricopa/ASU Alliance has 476 students participating in five programs. The NAU partnership includes baccalaureate degree programs offered at each of our ten colleges. Agreements with NAU provide a 2 + 2 transfer program in most degrees. As an added benefit students will be able to continue the upper-division components of their NAU baccalaureates at the Maricopa college facilities.

#### **New Student Information System**

Work on the District's new student information system to replace the legacy system continues to move forward towards implementation in October 2007. This system will capture, secure and track all relevant information about students, alumni, and organizational data and serve as a common source of enhanced information for all the colleges in the District. This includes improvements to enrollment services such as student record keeping, evaluation of student progress, recruitment, and analysis of admissions and enrollment efforts. It will also give students and faculty timely access to academic records and reports and will facilitate better management of catalogues and class schedules. Additionally, student financial services such as awarding financial aid and managing student accounts and payments will be enhanced, and more self-service opportunities will be offered to the students.

#### **2004 Capital Development Program**

The first building funded by the 2004 General Obligation Bonds, a 31,000 square foot modular classroom building at Estrella Mountain Community College, was completed and placed in service this year. Other projects underway include remodeling the Student Union at Glendale Community College, remodeling science labs at Estrella Mountain, and facilities expansions at Sun Lakes and Sun Cities, for Chandler-Gilbert and Rio Salado Colleges, respectively.

## **Major Initiatives** (continued)

The Capital Development Program is designed to provide education and job training and to meet the needs of current and future community college students through new and improved institutional facilities and support. It will reach all colleges and skill centers in the District and call for improvements in educational and institutional technologies as well as student and community safety and security. However, inflation rates in the construction industry, which have been at historically high rates since January 2004, will limit our ability to develop this program as planned. Possible impacts are a reduced number of projects and/or development of less square footage from what was originally planned for the general obligation bonds authorized by the voters in November 2004. The District and College capital plans will be revised to optimize the use of bond funds in this new economic environment.

## **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, 2005. This was the 15<sup>th</sup> 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. Appreciation is expressed to the Office of the Auditor General for timely completion of the audit.

Respectfully submitted,

Debra Thompson  
Vice Chancellor for Business Services

Kimberly Brainard Granio, CPA  
Director, Financial Services & Controller

# 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, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Carla E. Perry*

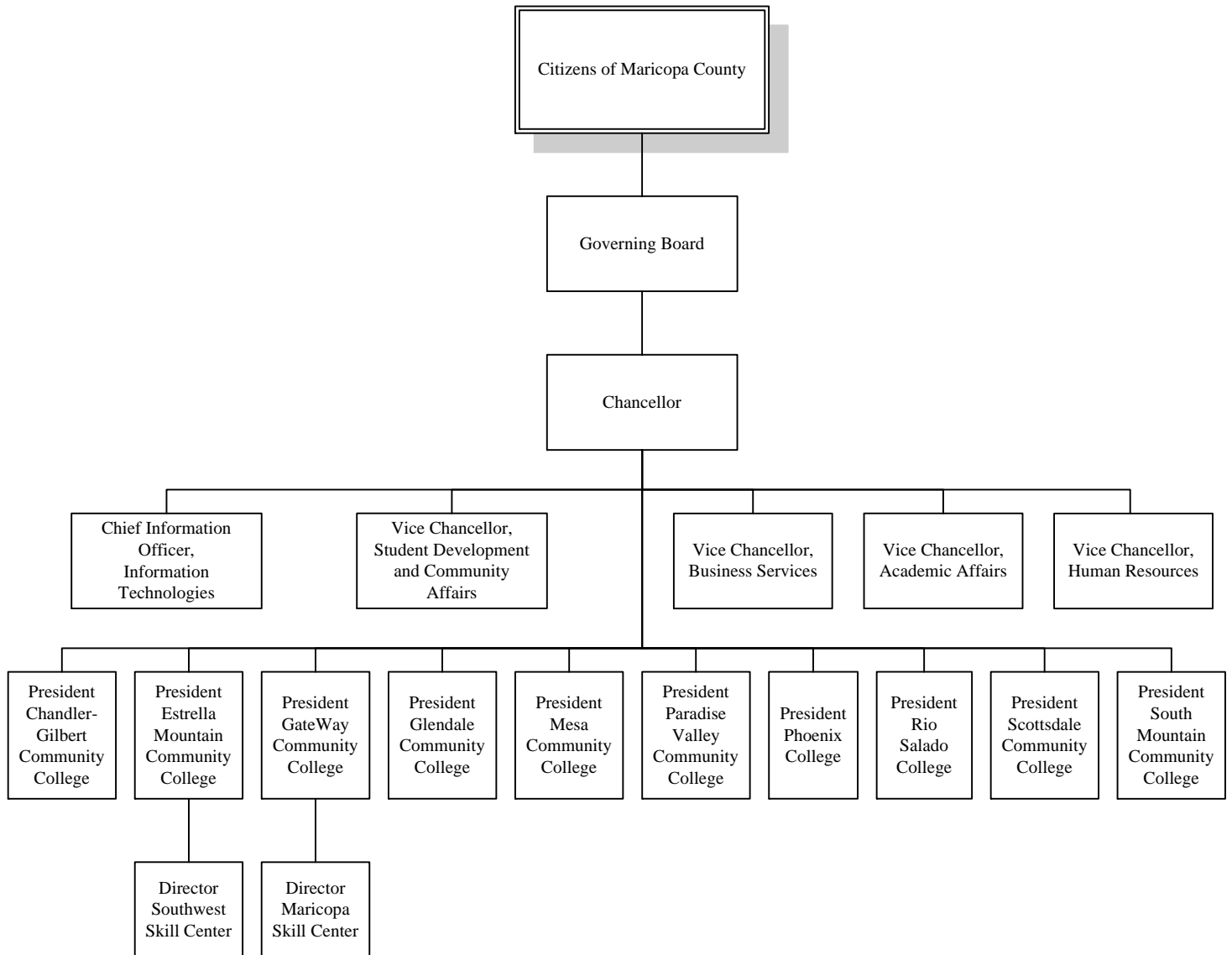
President

*Jeffrey R. Enos*

Executive Director

# Maricopa County Community College District

## Organizational Chart



# **Maricopa County Community College District**

## **Principal Officers**

## **Governing Board**

Mr. Scott Crowley, *President*

Mr. Ed Contreras, *Secretary*

Dr. Donald Campbell

Mrs. Linda B. Rosenthal

Mr. Jerry D. Walker

## **Administration**

Dr. Rufus Glasper, *Chancellor*

Dr. Steven Helfgot, *Vice Chancellor, Student and Community Affairs*

Ms. Debra Thompson, *Vice Chancellor, Business Services*

Dr. Maria Harper-Marinick, *Vice Chancellor, Academic Affairs*

Mr. Albert A. Crusoe, *Vice Chancellor, Human Resources*

Mr. Darrel Huish, *Chief Information Officer, Information Technologies*

## **College Presidents and Directors**

Dr. Maria Hesse, *President, Chandler Gilbert Community College*

Dr. Homero Lopez, *President, Estrella Mountain Community College*

Dr. Eugene Giovannini, *President, GateWay Community College*

Dr. Velvie Green, *President, Glendale Community College*

Dr. Larry Christiansen, *President, Mesa Community College*

Dr. Mary Kathryn Kickels, *President, Paradise Valley Community College*

Dr. Anna Solley, *President, Phoenix College*

Dr. Linda Thor, *President, Rio Salado College*

Dr. Arthur DeCabooter, *President, Scottsdale Community College*

Dr. Kenneth Atwater, *President, South Mountain Community College*

Mr. John Underwood, *Director, Maricopa Skill Center*

Mr. Adolfo Gamez, *Director, Southwest Skill Center*



## **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 Participation
- ▲▲ 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.

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





# Financial Section



DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL

WILLIAM THOMSON  
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report**

Members of the Arizona State Legislature

The Governing Board of  
Maricopa County Community College District

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Maricopa County Community College District as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts for the discretely presented component unit, is based on the report of the other auditors.

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 of material misstatement. The financial statements of the discretely presented component unit were not audited by the other auditors in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our 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, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis on pages 17 through 22 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 Statement of Revenues, Expenses, and Changes in Net Assets by College/Center listed as supplemental information in the table of contents is presented for purposes of additional analysis, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In addition, 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. That information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we will also 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* and should be considered in assessing the results of our audit.

Debbie Davenport  
Auditor General

December 12, 2006

**Maricopa County Community College District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2006**

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, 2006. Please read it 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 Assets* reflects the financial position of the District as of June 30, 2006. It shows the assets owned or controlled, related liabilities and other obligations, and the categories of net assets. Net assets is an accounting concept defined as total assets less total liabilities, and as such, represents institutional equity or ownership in the total assets of the District.

The *Statement of Revenues, Expenses, and Changes in Net Assets* reflects the results of operations and other changes for the year ended June 30, 2006. It shows revenues and expenses, both operating and nonoperating, reconciling the beginning net assets amount to the ending net assets amount, which is shown on the *Statement of Net Assets* described above.

The *Statement of Cash Flows* reflects the inflows and outflows of cash and cash equivalents for the year ended June 30, 2006. It shows the cash activities by type, reconciling the beginning cash and cash equivalents amount to the ending cash and cash equivalents amount, which is shown on the *Statement of Net Assets*, described above. In addition, this statement reconciles cash flows from operating activities to operating income/(loss) on the *Statement of Revenues, Expenses, and Changes in Net Assets* described above.

Although the primary focus of this document is on the results and activity for fiscal year 2005-06 (FY 2006), comparative data is presented for the previous fiscal year 2004-05 (FY 2005). 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.

## Basic Financial Statements (continued)

### Condensed Financial Information

<i>Statement of Net Assets</i>	<i>As of June 30, 2006</i>	<i>As of June 30, 2005</i>
Current assets	\$243,075,634	\$209,191,029
Noncurrent assets, other than capital assets	232,984,618	263,558,959
Capital assets, net	376,461,742	356,882,759
<b>Total assets</b>	<b>852,521,994</b>	<b>829,632,747</b>
Other liabilities	45,748,959	36,750,768
Long-term liabilities	451,855,594	478,760,005
<b>Total liabilities</b>	<b>497,604,553</b>	<b>515,510,773</b>
Net assets:		
Invested in capital assets, net of related debt	103,428,825	102,170,658
Restricted net assets	116,073,256	92,756,924
Unrestricted net assets	135,415,360	119,194,392
<b>Total net assets</b>	<b>\$354,917,441</b>	<b>\$314,121,974</b>

<i>Statement of Revenues, Expenses, and Changes in Net Assets</i>	<i>For the Year Ended June 30, 2006</i>	<i>For the Year Ended June 30, 2005, as reclassified*</i>
Operating revenues	\$218,822,020	\$208,504,770
Operating expenses:		
Educational and general	500,533,344	466,503,516
Auxiliary enterprises	63,601,462	59,790,331
Depreciation	22,469,572	25,046,851
Other	601,678	337,226
Total operating expenses	587,206,056	551,677,924
Operating loss	(368,384,036)	(343,173,154)
Nonoperating revenues and expenses	397,642,879	358,479,730
Income (loss) before other revenues, expenses, gains, or losses	29,258,843	15,306,576
Other revenues, expenses, gains, or losses	11,536,624	10,644,071
Increase in net assets	40,795,467	25,950,647
Net assets, Beginning of year	314,121,974	288,171,327
<b>Net assets, End of year</b>	<b>\$354,917,441</b>	<b>\$314,121,974</b>

\* The fiscal year 2005 amounts have been reclassified for comparison with fiscal year 2006.

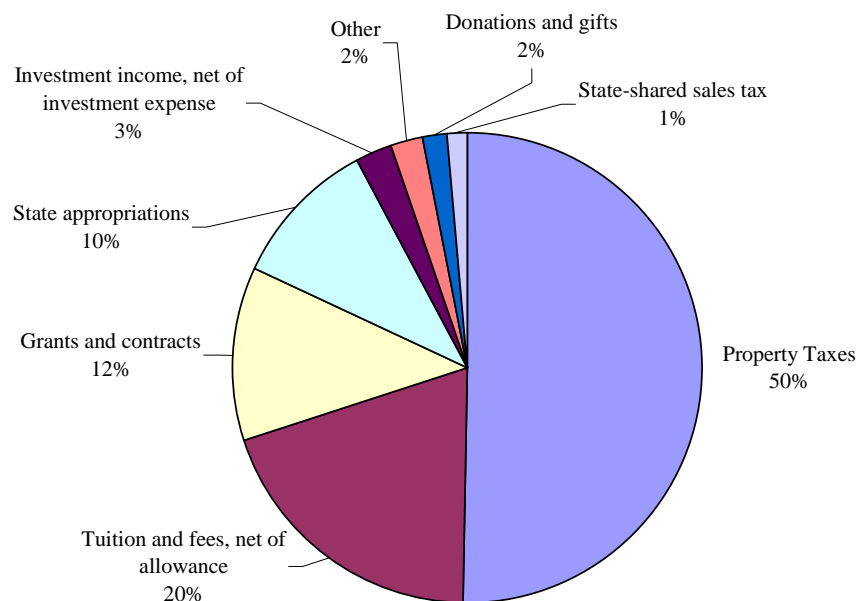
## Basic Financial Statements (continued)

The following schedule presents a summary and comparison of revenues for the fiscal years ended June 30, 2006 and June 30, 2005.

<i>Revenues by Source</i>	FY 2006		FY 2005, as reclassified*		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
<u>Operating revenues</u>						
Tuition and fees, net of scholarship allowance	\$127,543,097	20%	\$116,026,910	19%	\$11,516,187	10%
Grants and contracts	76,250,646	12	80,887,875	14	(4,637,229)	(6)
Other operating revenues	15,028,277	2	11,589,985	2	3,438,292	30
Total operating revenues	<u>218,822,020</u>	<u>34</u>	<u>208,504,770</u>	<u>35</u>	<u>10,317,250</u>	<u>5</u>
<u>Nonoperating revenues</u>						
Property taxes	324,593,369	50	296,179,163	50	28,414,206	10
State appropriations	65,841,100	10	61,662,600	11	4,178,500	7
State-shared sales tax	8,436,320	1	7,712,296	1	724,024	9
Donations and gifts	10,520,457	2	10,477,345	2	43,112	-
Investment income, net of investment expense	16,946,717	3	7,127,345	1	9,819,372	138
Gain on sale/disposal of capital assets	206,882	-	-	-	206,882	-
Total nonoperating revenues	<u>426,544,845</u>	<u>66</u>	<u>383,158,749</u>	<u>65</u>	<u>43,386,096</u>	<u>11</u>
Total revenues	<u>\$645,366,865</u>	<u>100%</u>	<u>\$591,663,519</u>	<u>100%</u>	<u>\$53,703,346</u>	<u>9%</u>

\* The fiscal year 2005 amounts have been reclassified for comparison with fiscal year 2006.

### Revenues by Source FY 2006





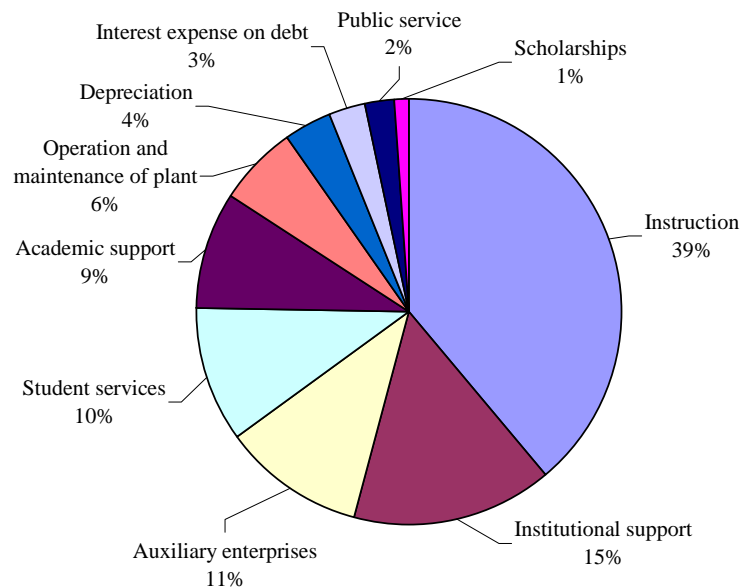
## Basic Financial Statements (continued)

The following schedule presents a summary and comparison of expenses for the fiscal years ended June 30, 2006 and June 30, 2005.

<b>Expenses by Function</b>	FY 2006		FY 2005, as reclassified*		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
<b>Operating expenses</b>						
Educational and general						
Instruction	\$237,735,208	39%	\$216,476,462	38%	\$21,258,746	10%
Public service	13,551,574	2	14,506,007	3	(954,433)	(7)
Academic support	54,341,700	9	48,264,966	9	6,076,734	13
Student services	62,467,372	10	63,954,880	11	(1,487,508)	(2)
Institutional support	91,872,173	15	87,198,327	16	4,673,846	5
Operation and maintenance of plant	37,664,387	6	32,636,217	5	5,028,170	15
Scholarships	2,900,930	1	3,466,657	1	(565,727)	(16)
Auxiliary enterprises	63,601,462	11	59,790,331	11	3,811,131	6
Depreciation	22,469,572	4	25,046,851	4	(2,577,279)	(10)
Other	601,678	-	337,226	-	264,452	78
<b>Total operating expenses</b>	<b>587,206,056</b>	<b>97</b>	<b>551,677,924</b>	<b>98</b>	<b>35,528,132</b>	<b>6</b>
<b>Nonoperating expenses</b>						
Interest expense on debt	17,365,342	3	13,708,885	2	3,656,457	27
Loss on disposal of capital assets	-	-	326,063	-	(326,063)	(100)
<b>Total nonoperating expenses</b>	<b>17,365,342</b>	<b>3</b>	<b>14,034,948</b>	<b>2</b>	<b>3,330,394</b>	<b>24</b>
<b>Total expenses</b>	<b>\$604,571,398</b>	<b>100%</b>	<b>\$565,712,872</b>	<b>100%</b>	<b>\$38,858,526</b>	<b>7%</b>

\* The fiscal year 2005 amounts have been reclassified for comparison with fiscal year 2006.

### Expenses by Function FY 2006



## **Financial Highlights and Analysis**

### **Statement of Net Assets**

The District's overall financial position improved in FY 2006. Total Net Assets for the District grew by \$41 million from FY 2005 to FY 2006.

Total assets increased \$23 million from FY 2005 to FY 2006. The majority of this increase was the result of additional property tax revenues invested for debt service purposes. Furthermore, the shift in totals of long-term assets to current assets was in anticipation of debt service payments due in FY 2007.

Total liabilities for the District decreased by \$18 million. Long-term liabilities decreased by \$27 million due to debt service payments. This decrease was offset by an increase in other liabilities of \$9 million related primarily to the timing of our final payroll cycle for FY 2006.

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

The District has four major revenue sources. These are property taxes, tuition and fees, state appropriations, and grants and contracts.

Total revenue for the District increased by \$54 million from FY 2005 to FY 2006. The following revenue sources make up a significant portion of this total increase.

- Increase of \$28.4 million in Property Taxes due to higher property valuations and new construction.
- Increase of \$11.5 million in Tuition and Fees due to a \$5 per credit hour rise in tuition.
- Increase of \$9.8 million in Investment Income, net of investment expense, due to more favorable interest rates and additional bond proceeds on hand that were invested.
- Increase of \$4.1 million in State Appropriations due to prior year growth in enrollment (full-time student equivalent) in the District.

Total expenses increased by \$39 million from FY 2005 to FY 2006. The following expenses, by function, make up a significant portion of this total increase.

- Increase of \$21.3 million in Instruction  
This category includes activities for the District's instruction programs, including expenses for credit and noncredit courses; academic, vocational, and technical instruction; remedial and tutorial instruction; and regular, special, and extension sessions. Increases were primarily due to additional faculty and increased wage and employee benefit expenses.
- Increase of \$6.1 million in Academic Support  
This category includes activities to support the District's primary mission. The additional expenses are primarily due to expanded services available to students.
- Increase of \$5.0 million in Operation and Maintenance of Plant  
This category includes activities supporting the operation and maintenance of the District's facilities and grounds. This category experienced a rise in the areas of wages, employee benefits, and utility costs.

## **Capital Assets and Debt Administration**

The District's capital assets as of June 30, 2006 totaled \$376,461,742 (net of accumulated depreciation). Capital assets include land, construction in progress, buildings, improvements other than buildings, equipment, and library books. The change in the District's capital assets for the current year was an increase of more than five percent, primarily attributed to increased investment in land, technology, and equipment. Additional information on capital assets can be found in Note 4 to the financial statements.

In March 2005, the District sold \$190,270,000 in bonds, used to support the first set of projects scheduled in the 2004 Bond Program. These general obligation bonds were sold to finance general improvement of the District's educational facilities, and for the purchases of land and equipment. Additional information on all of the District's bond issues is discussed in greater detail in Note 5 to the financial statements. The District anticipates issuing a new series every two years, depending on cash flow needs. The next anticipated issuance is planned for late fiscal year 2007.

At year-end, the District's financial position remains strong, with adequate resources and reserves to meet all current obligations. The District's general obligation bond debt issues are rated Aaa by Moody's Investors Service, AAA by Fitch, and AA+ by Standard & Poor's. The District's revenue bond debt issues are rated Aa2 by Moody's, and AA by both Fitch and Standard & Poor's. These ratings indicate the high quality and strong credit attributes of the District's obligations.

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

In response to rising insurance costs and after thorough analysis and review, the District implemented a self-funded medical plan, effective July 1, 2005. In the first year, the amounts collected for employee and employer contributions were sufficient to cover all claims including the amount reported as incurred but not reported as of June 30, 2006. Overall, the District saved approximately \$5 million when compared to the estimated FY 2006 cost projected for the previous fully insured program. Additionally, the District has set aside significant reserves to manage anticipated fluctuations in annual claim costs and potential increases in administrative costs.

## **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 Assets -- Primary Government**  
**June 30, 2006**

**Assets**

Current assets:

Cash and cash equivalents	\$ 216,893,832
Investments	69,500
Receivables (net of allowance of \$4,273,056)	24,542,027
Other	1,570,275
Total current assets	243,075,634

Noncurrent assets:

Receivables (net of allowance of \$370,361)	675,867
Restricted assets:	
Cash and cash equivalents	62,993,037
Investments	164,947,389
Receivables (net of allowance of \$271,700)	2,332,752
Other	2,035,573
Capital assets, not being depreciated	58,976,300
Depreciable capital assets, net of depreciation	317,485,442
Total noncurrent assets	609,446,360
Total assets	852,521,994

**Liabilities**

Current liabilities:

Accounts payable	6,968,935
Accrued liabilities	19,757,824
Deposits held in custody for others	974,740
Interest payable	8,824,775
Deferred revenues	9,222,685
Long-term liabilities - current portion	34,970,471
Total current liabilities	80,719,430

Long-term liabilities	416,885,123
Total liabilities	497,604,553

**Net Assets**

Invested in capital assets, net of related debt	103,428,825
Restricted:	
Nonexpendable:	
Endowments	231,390
Student loans	809,005
Expendable:	
Scholarships	1,470,137
Grants and contracts	15,532,025
Student loans	73,046
Debt service	37,510,990
Capital projects	60,446,663
Unrestricted	135,415,360
Total net assets	\$ 354,917,441

See accompanying notes to financial statements.

**Maricopa County Community College District**  
**Statement of Financial Position -- Component Unit**  
**June 30, 2006**

**Assets**

Current assets:

Cash and cash equivalents	\$	573,696
Pledges receivable, net		625,024
Interest receivable		69,670
Total current assets		1,268,390

Pledges receivable, net of current portion		1,043,396
Investments		14,043,617
Cash surrender value of life insurance		460,235
Cash held for endowment purposes		553,308
Beneficial interest in charitable remainder unitrust		106,386
Other assets		2,300
Total assets	\$	17,477,632

**Liabilities and Net Assets**

Current liabilities:

Accounts payable	\$	91,034
Contributions payable		642,000
Charitable gift annuity liability		200,759
Total liabilities		933,793

Net assets

Unrestricted		225,773
Temporarily restricted		3,612,262
Permanently restricted		12,705,804
Total net assets		16,543,839
Total liabilities and net assets	\$	17,477,632

See accompanying notes to financial statements.

**Maricopa County Community College District**  
**Statement of Revenues, Expenses, and Changes in Net Assets --**  
**Primary Government**  
**For the Year Ended June 30, 2006**

Operating revenues:	
Tuition and fees (net of scholarship allowance of \$32,906,971), portion pledged as security for revenue bonds	\$ 127,543,097
Government grants and contracts	72,198,419
Private grants and contracts	4,052,227
Other, portion pledged as security for revenue bonds	15,028,277
Total operating revenues	<u>218,822,020</u>
Operating expenses:	
Educational and general:	
Instruction	237,735,208
Public service	13,551,574
Academic support	54,341,700
Student services	62,467,372
Institutional support	91,872,173
Operation and maintenance of plant	37,664,387
Scholarships	2,900,930
Auxiliary enterprises	63,601,462
Depreciation	22,469,572
Other	601,678
Total operating expenses	<u>587,206,056</u>
Operating loss	<u>(368,384,036)</u>
Nonoperating revenues (expenses):	
Property taxes	324,593,369
State appropriations	54,863,200
State-shared sales tax	8,436,320
Private gifts	9,961,733
Investment income, net of investment expense	16,946,717
Interest expense on debt	(17,365,342)
Gain on sale/disposal of capital assets	206,882
Total nonoperating revenues	<u>397,642,879</u>
Income before other revenues, expenses, gains, or losses	29,258,843
Capital appropriations	10,977,900
Capital grants and gifts	558,724
Increase in net assets	<u>40,795,467</u>
Total net assets, July 1, 2005	314,121,974
Total net assets, June 30, 2006	<u>\$ 354,917,441</u>

See accompanying notes to financial statements.

**Maricopa County Community College District**  
**Statement of Activities -- Component Unit**  
**For the Year Ended June 30, 2006**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:				
Contributions	\$ -	\$ 2,309,733	\$ 1,309,613	\$ 3,619,346
Contributed services	97,200	-	-	97,200
Investment return	65,960	-	634,420	700,380
Increase in cash surrender value of life insurance	-	-	7,951	7,951
Total support and revenue before special events and net assets released from restrictions	<u>163,160</u>	<u>2,309,733</u>	<u>1,951,984</u>	<u>4,424,877</u>
Special events revenue		247,960		247,960
Less cost of direct donor benefits	-	(74,664)	-	(74,664)
Gross profit from special events		<u>173,296</u>		<u>173,296</u>
Net assets released from restrictions	<u>1,862,551</u>	<u>(1,676,057)</u>	<u>(186,494)</u>	<u>-</u>
Total support and revenue	<u>2,025,711</u>	<u>806,972</u>	<u>1,765,490</u>	<u>4,598,173</u>
Expenses				
Program expenses:				
Scholarships and other programs	<u>1,862,551</u>	<u>-</u>	<u>-</u>	<u>1,862,551</u>
Supporting services				
General and administrative	184,594	-	-	184,594
Fundraising	117,095	-	-	117,095
Total supporting services	<u>301,689</u>	<u>-</u>	<u>-</u>	<u>301,689</u>
Total expenses	<u>2,164,240</u>	<u>-</u>	<u>-</u>	<u>2,164,240</u>
Change in net assets	(138,529)	806,972	1,765,490	2,433,933
Net assets, beginning of year	<u>364,302</u>	<u>2,805,290</u>	<u>10,940,314</u>	<u>14,109,906</u>
Net assets, end of year	<u>\$ 225,773</u>	<u>\$ 3,612,262</u>	<u>\$ 12,705,804</u>	<u>\$ 16,543,839</u>

See accompanying notes to financial statements.

**Maricopa County Community College District  
Statement of Cash Flows -- Primary Government  
For the Year Ended June 30, 2006**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Tuition and fees	\$ 127,856,675
Grants and contracts	75,187,122
Payments to employees	(402,163,582)
Payments to providers of goods and services	(116,451,285)
Payments to students for grants and scholarships	(36,826,392)
Other receipts	15,028,277
Other payments	(1,030,257)
Net cash used for operating activities	<u>(338,399,442)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Property taxes	323,085,639
State appropriations	54,863,200
State-shared sales tax	7,538,152
Federal student loans received	78,810,816
Federal student loans disbursed	(78,810,816)
Deposits held for others received	2,404,898
Deposits held for others disbursed	(2,267,291)
Gifts received for other than capital purposes	9,961,733
Net cash provided by noncapital financing activities	<u>395,586,331</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Capital appropriations	10,977,900
Proceeds from sale of capital assets	90,031
Purchase of capital assets	(41,891,238)
Principal paid on capital debt and leases	(27,656,145)
Interest paid on capital debt and leases	(17,376,750)
Net cash used for capital and related financing activities	<u>(75,856,202)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from sales and maturities of investments	597,664,695
Interest received on investments	16,752,418
Purchases of investments	(568,055,854)
Net cash provided by investing activities	<u>46,361,259</u>
Net increase in cash	27,691,946
Cash and cash equivalents - beginning of year	252,194,923
Cash and cash equivalents - end of year	<u>\$ 279,886,869</u>

(continued)

See accompanying notes to financial statements.



**Statement of Cash Flows** (continued)

**Reconciliation of operating loss to net cash provided (used) by operating activities:**

Operating loss	\$ (368,384,036)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation expense	22,469,572
Expenses (related to revenues) for donations of non-capitalized items	317,696
Changes in assets and liabilities:	
Increase in:	
Receivables, net	(2,585,369)
Other assets	(243,097)
Accrued liabilities	7,800,119
Deferred revenues	1,245,484
Long-term liabilities - compensated absences	1,153,801
Decrease in:	
Accounts payable	(173,612)
Net cash used for operating activities	<u><u>\$ (338,399,442)</u></u>

**Noncash transactions:**

**Decrease in fair value of investments.** The fair value of investments decreased by \$58,977.

**Capital asset trade-ins.** \$23,692 of capital assets were traded in or exchanged for other assets during the year.

**Gifts of depreciable and non-depreciable assets.** The District recorded the receipt of gifts of depreciable and non-depreciable assets of \$558,724.

**Amortization of discount/premium on bonds.** The District amortized \$201,503 of prepaid bond issuance costs.

**Reinstatement of capital assets.** The District reinstated \$338,441 of capital assets during the year.

See accompanying notes to financial statements.

**Maricopa County Community College District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2006**

**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). The District follows Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The District has chosen the option not to follow FASB Statements and Interpretations issued after November 30, 1989.

**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 the 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 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, 2006, the Foundation made distributions of \$1,862,551 to the District for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Foundation Office at 2411 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 assets; a statement of revenues, expenses, and changes in net assets; and a statement of cash flows.

The statement of net assets provides information about the assets, liabilities, and net assets of the District at the end of the year. Assets and liabilities are classified as either current or noncurrent. Net assets are classified according to external donor restrictions or availability of assets to satisfy District obligations. Invested in capital assets, net of related debt represents the value of capital assets, net of accumulated depreciation, less any outstanding debt incurred to acquire or construct the assets. Nonexpendable restricted net assets include 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 assets represent grants, contracts, gifts, and other resources that have been externally restricted for specific purposes. Unrestricted net assets include all other net assets, including those that have been designated by management to be used for other than general operating purposes. When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first use unrestricted resources, and then restricted resources. The District eliminates all internal activity.

The statement of revenues, expenses, and changes in net assets 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 assets are reported, including capital contributions and additions to endowments. Operating revenues and expenses generally result from providing instructional, public, and auxiliary services, which is consistent with the District's mission. Accordingly, revenues such as tuition, educational grants, and sales of auxiliary services are considered to be operating revenues. Other revenues, such as property taxes and state appropriations, are not generated from operations 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 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 in the year for which they are levied. State appropriations are recognized as revenue in the year in which the appropriation is first made available for use. 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** - Cash and cash equivalents include cash on hand, cash in the bank, cash and investments held by the County Treasurer, and investments in the State Treasurer's Local Government Investment Pool. 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, 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:

<b>Asset Category</b>	<b>Capitalization Threshold</b>	<b>Depreciation Method</b>	<b>Estimated Useful Life</b>
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
Library books	All	Straight-line	10 years

**Compensated Absences** - Compensated absences consist of vacation and sick leave earned by employees based on services already rendered. Employees may accumulate vacation balances depending on years of service and employee group, 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 accumulate to a maximum amount per employee and unused balances are paid at retirement or death for employees having at least 10 years of service.

**Deferred Charges** - For advance refunding 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. This deferred amount is reported as a deduction from the new debt liability on the statement of net assets.

**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

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

to be scholarship allowances. These allowances are netted against tuition and fees revenues in the statement of revenues, expenses, and changes in net assets.

**Investment Income** - Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments.

**NOTE 2 - Deposits and Investments**

Arizona Revised Statutes (A.R.S.) require 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 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, repurchase agreements, insured or collateralized deposits, certificates of deposit, and interest-bearing savings accounts. Mutual funds held by the District are the result of donations by third parties. 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, 2006, total petty cash on hand was \$222,450. The carrying amount of bank deposits on the District's accounting system was (\$4,318,807). The deficit balance occurred because cash was not transferred from investments to the bank account until outstanding checks were expected to be presented to the bank for payment. At June 30, 2006, the District's bank balance was \$2,863,380; \$2,582,584 was uninsured with collateral held by the pledging financial institution's trust department or agent but not in the District's name. The District does not have a formal policy with respect to custodial credit risk.

**Investments**

The District's investments at June 30, 2006, consist of the following:

State Treasurer's investment pools	\$264,627,657
Country Treasurer's investment pools	4,936,640
U. S. Treasury securities	168,021,624
Wells Fargo investment sweep	10,972,528
Money market mutual fund	372,166
Mutual funds – equity	69,500
	<u>\$449,000,115</u>

**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 pool, and the pool's structure does not provide for shares.

**Credit Risk**

The District does not have a formal policy with respect to credit risk. At June 30, 2006, credit risk for the District's investments were as follows:

<b>Investment Type</b>	<b>Rating</b>	<b>Rating Agency</b>	<b>Amount</b>
State Treasurer's investment pool	Unrated	Not applicable	\$264,627,657
County Treasurer's investment pool	Unrated	Not applicable	4,936,640
Wells Fargo investment sweep	Unrated	Not applicable	10,972,528
Money market mutual fund	Aaa	Moody's	5,493
Money market mutual fund	Unrated	Not applicable	366,673
Total			<u>\$280,908,991</u>

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the counterparty's failure, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All securities purchased are required to be delivered to the District's custodian bank or held by an independent third-party financial institution in the name of the District. Additionally, District personnel are not affiliated or related to investment brokers or custodians in accordance with state statutes. The District's other investments are in investment pools and mutual funds – both of which are not subject to custodial credit risk. At June 30, 2006, the District had \$168,021,624 of United States Treasury Bills and \$10,972,528 in the Wells Fargo investment sweep that were uninsured and held by the counterparty's trust department or agent not in the District's name.

**Concentration of Credit Risk**

The District does not have a formal policy with respect to concentration of credit risk. The District invests primarily in U. S. government obligations, which are not considered to have credit risk.

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

**Interest Rate Risk**

The District's policy states maturities should not routinely exceed thirteen months. The policy states investment maturities should be shortened when cash flow requirements are uncertain. At June 30, 2006, the District had the following investments in debt securities:

<b>Investment Type</b>	<b>Amount</b>	<b>Weighted Average Maturity (Months)</b>
State Treasurer's investment pool 5	\$108,273,898	1.70
State Treasurer's investment pool 7	156,353,759	1.23
County Treasurer's investment pool	4,936,640	9.60
Wells Fargo investment sweep	10,972,528	0.01
Money market mutual fund	372,166	1.10
U.S. Treasury securities	168,021,624	3.35
Total	<u>\$448,930,615</u>	
Portfolio Weighted Average Maturity		2.20

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

Cash, deposits and investments:		Statement of net assets:	
Cash on hand	\$ 222,450	Cash and cash equivalents	\$216,893,832
Deposits	(4,318,807)	Investments	69,500
Investments	449,000,115	Restricted assets:	
		Cash and cash equivalents	62,993,037
		Investments	164,947,389
Total	<u>\$444,903,758</u>	Total	<u>\$444,903,758</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 \$2,024,440)	\$ 6,384,081
Government grants	9,929,056
Private grants and contracts (net of allowance of \$60,976)	2,962,040
Student accounts (net of allowance of \$2,114,572)	2,523,188
Other (net of allowance of \$73,068)	2,743,662
Total receivables	<u>\$ 24,542,027</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 Maricopa County Treasurer. However, a lien assessed against real and personal property attaches on the first day of January preceding assessment and levy thereof. Property taxes are payable in two equal installments due in October and March. The delinquent tax dates are the second business days in November and May. 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 July 1, 2005, as reclassified</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2006</u>
<b>Capital assets not being depreciated:</b>				
Land	\$ 32,033,372	\$ 5,011,085	-	\$ 37,044,457
Construction in progress (estimated cost to complete \$93,117,215)	<u>17,367,031</u>	<u>22,697,786</u>	<u>\$ 18,132,974</u>	<u>21,931,843</u>
Total capital assets not being depreciated	<u>49,400,403</u>	<u>27,708,871</u>	<u>18,132,974</u>	<u>58,976,300</u>
<b>Capital assets being depreciated:</b>				
Buildings	420,577,942	13,462,291	-	434,040,233
Equipment	72,335,051	13,034,923	3,952,247	81,417,727
Improvements other than buildings	45,577,818	5,182,240	-	50,760,058
Library books	<u>11,176,824</u>	<u>1,131,676</u>	<u>633,573</u>	<u>11,674,927</u>
Total capital assets being depreciated	<u>549,667,635</u>	<u>32,811,130</u>	<u>4,585,820</u>	<u>577,892,945</u>
Less accumulated depreciation for:				
Buildings	154,672,292	13,567,092	-	168,239,384
Equipment	58,945,563	6,005,075	3,613,775	61,336,863
Improvements other than buildings	21,201,665	2,107,483	-	23,309,148
Library books	<u>7,365,759</u>	<u>789,922</u>	<u>633,573</u>	<u>7,522,108</u>
Total accumulated depreciation	<u>242,185,279</u>	<u>22,469,572</u>	<u>4,247,348</u>	<u>260,407,503</u>
Total capital assets being depreciated, net	<u>307,482,356</u>	<u>10,341,558</u>	<u>338,472</u>	<u>317,485,442</u>
<b>Capital assets, net</b>	<u>\$ 356,882,759</u>	<u>\$ 38,050,429</u>	<u>\$ 18,471,446</u>	<u>\$ 376,461,742</u>

The District reclassified \$1,190,217 of the July 1, 2005 capital asset balances that were incorrectly recorded as equipment. The District has active construction projects with a remaining contractual commitment at June 30, 2006 of \$7,536,259.



## NOTE 5 - Long-term Liabilities

The following schedule details the long-term liability activity for the year ended June 30, 2006.

	<u>Balance, July 1, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2006</u>	<u>Due within one year</u>
Bonds payable:					
General obligation bonds	\$ 424,710,000	-	\$ 24,905,000	\$ 399,805,000	\$ 30,485,000
Revenue bonds	25,975,000	-	2,615,000	23,360,000	2,755,000
Premium on general obligation bonds	10,886,650	-	1,366,664	9,519,986	1,366,663
Premium on revenue bonds	316,377	-	18,285	298,092	18,285
Deferred charges on refunding	(6,494,465)	-	(982,880)	(5,511,585)	(982,880)
Capital leases	692,257	-	136,145	556,112	137,004
Compensated absences	22,674,186	\$ 2,474,053	1,320,250	23,827,989	1,191,399
Total long-term liabilities	<u>\$ 478,760,005</u>	<u>\$ 2,474,053</u>	<u>\$ 29,378,464</u>	<u>\$ 451,855,594</u>	<u>\$ 34,970,471</u>

### Bonds Payable

The District's bonded debt consists of various issues of general obligation and revenue 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 and 2004, \$761,093,000 remain unissued. 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, 2006, were as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
General obligation bonds				
Project of 1994				
Series B (1997)	\$ 124,250,000	7/1/2006-07	6.00-6.50%	\$ 3,615,000
Series C (1999)	104,250,000	7/1/2006-15	3.25-5.25%	57,625,000
Refunding, Series A (1998)	65,145,000	7/1/2006-09	4.25-5.00%	45,020,000
Refunding, Series A&B (2002)	48,605,000	7/1/2009-11	5.00-5.25%	37,765,000
Refunding, Series A&B (2004)	66,610,000	7/1/2006-13	2.00-5.00%	65,510,000
Project of 2004, Series A (2005)	190,270,000	7/1/2006-19	3.00-4.50%	190,270,000
Revenue bonds				
Revenue Bonds, Series 1998	6,000,000	7/15/2006-10	4.40-4.70%	2,940,000
Revenue Bonds, Series 2002	14,480,000	7/15/2006-22	3.00-4.63%	13,045,000
Revenue Bonds, Series 2003	7,655,000	7/15/2006-23	2.00-5.00%	7,375,000
			Total	<u>\$ 423,165,000</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, 2006.

Year Ending June 30:	General Obligation Bonds		Revenue Bonds		Total Debt Service Requirements
	Principal	Interest	Principal	Interest	
2007	\$ 30,485,000	\$ 16,106,415	\$ 2,755,000	\$ 899,566	\$ 50,245,981
2008	51,930,000	14,430,696	2,305,000	806,652	69,472,348
2009	35,000,000	12,745,277	2,395,000	728,534	50,868,811
2010	34,350,000	11,297,830	1,905,000	649,415	48,202,245
2011	37,215,000	9,787,441	1,415,000	580,080	48,997,521
2012-2016	154,480,000	25,243,377	4,285,000	2,338,703	186,347,080
2017-2021	56,345,000	5,028,185	5,225,000	1,363,754	67,961,939
2022-2024		-	3,075,000	197,993	3,272,993
Total	<u>\$ 399,805,000</u>	<u>\$ 94,639,221</u>	<u>\$ 23,360,000</u>	<u>\$ 7,564,697</u>	<u>\$ 525,368,918</u>

### **Description of Issues**

#### **General Obligation Bonds, Project of 1994 Series B (1997)**

In June 1997, the District issued \$124,250,000 of general obligation bonds. These bonds were issued to make certain improvements to the District's educational facilities and finance equipment purchases. Bonds maturing on or before July 1, 2006, are noncallable. Bonds maturing on or after July 1, 2007, are subject to early redemption.

#### **General Obligation Bonds, Project of 1994 Series C (1999)**

In February 1999, the District issued \$104,250,000 of general obligation bonds. These bonds were issued to make certain improvements to the District's educational facilities and finance equipment purchases. Bonds maturing on or before July 1, 2008, are noncallable. Bonds maturing on or after July 1, 2009, are subject to early redemption.

#### **General Obligation Refunding Bonds, Series A (1998)**

In April 1998, the District issued \$65,145,000 of general obligation bonds to advance refund \$65,780,000 of outstanding Series A (1995) general obligation bonds. The District defeased these bonds by placing the proceeds of the new bonds in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. In accordance with the refunding plan, the trustee retired the remaining liability for the defeased bonds of \$61,245,000 on July 1, 2003. Refunding bonds maturing on or before July 1, 2007, are noncallable. Refunding bonds maturing on or after July 1, 2008, are subject to early redemption.

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

**General Obligation Refunding Bonds, Series A and B (2002)**

In July 2002, the District issued \$48,605,000 of general obligation bonds to advance refund \$11,020,000 of General Obligation (G.O.) Bonds, Series A (1995) and \$37,585,000 of Series B (1997). The District defeased these bonds by placing the proceeds of the new bonds in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability as of June 30, 2006, for the remaining defeased bonds of \$37,585,000 are not included in the District's financial statements. This issue of refunding bonds is not subject to early redemption.

**General Obligation Refunding Bonds, Series A and B (2004)**

In February 2004, the District issued \$66,610,000 of general obligation refunding bonds to advance refund \$3,235,000 of G.O. Bonds, Series A (1995) and \$63,375,000 of Series B (1997). The net proceeds were used to purchase U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide debt service on the old bonds. Accordingly, the trust account assets and the liability as of June 30, 2006, for the remaining defeased bonds of \$63,375,000 are not included in the District's financial statements. This issue of refunding bonds is not subject to early redemption.

**General Obligation Bonds, Project of 2004 Series A (2005)**

In March 2005, the District issued \$190,270,000 of general obligation bonds. These bonds were issued to make certain improvements to the District's educational facilities and finance equipment purchases. Bonds maturing on or before July 1, 2014, are noncallable. Bonds maturing on or after July 1, 2015, are subject to early redemption.

**Revenue Bonds, Series 1998**

In May 1998, the District issued \$6,000,000 of revenue bonds to construct, furnish, and equip a performing arts center and to make related site improvements. Bonds maturing on or before July 15, 2007, are noncallable. Bonds maturing on or after July 15, 2008, are subject to early redemption.

**Revenue Bonds, Series 2002**

In October 2002, the District issued \$14,480,000 of revenue bonds of which, \$6,500,000 was used to construct, furnish, and equip a performing arts center and approximately \$8,000,000 was used to acquire a new Student Information System. Bonds maturing on or before July 15, 2012, are noncallable. Bonds maturing on or after July 15, 2013, are subject to early redemption.

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

**Revenue Bonds, Series 2003**

In October 2003, the District issued \$7,655,000 of revenue bonds to design, construct, furnish and purchase equipment for a Performing Arts Center located at the Paradise Valley Community College campus. Bonds maturing on or before July 15, 2013, are noncallable. Bonds maturing on or after July 15, 2014, are subject to early redemption.

**NOTE 6 - Operating Expenses**

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

Salaries and benefits	\$410,437,543
Contract services	48,746,346
Financial aid	37,481,067
Depreciation	22,469,572
Communications, utilities, and travel	19,431,160
Noncapitalized equipment	19,208,278
Supplies and materials	18,421,801
Subscriptions, dues, insurance, and rentals	8,510,902
Other expenses	2,499,387
Total	<u>\$587,206,056</u>

**NOTE 7 - Retirement Plan**

**Plan Description** - The District contributes to a cost-sharing, multiple-employer defined benefit pension plan administered by the Arizona State Retirement System (System). Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The System is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The System issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the Arizona State Retirement System, 3300 North Central Avenue, P.O. Box 33910, Phoenix, AZ 85067-3910 or by calling (602) 240-2000 or (800) 621-3778.

**NOTE 7 - Retirement Plan** (continued)

**Funding Policy** - The Arizona State Legislature establishes and may amend active plan members' and the District's contribution rates. For the year ended June 30, 2006, active plan members and the District were each required by statute to contribute at an actuarially determined rate of 7.4 percent (6.9 percent retirement and 0.5 percent long-term disability) of the members' annual covered payroll. The District's contributions to the System for the years ended June 30, 2006, 2005, and 2004, were \$20.0 million, \$14.4 million, and \$13.3 million, respectively. These amounts were equal to the required contributions for the year.

**NOTE 8 - Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all such risks of loss, including workers' compensation and accident insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

On July 1, 2005, the District began financing uninsured risks of loss for certain health benefits to eligible employees and their dependents. The healthcare plan provides coverage for amounts up to \$250,000 per claim. The District purchases commercial insurance for claims in excess of this limit, and utilizes a consultant to determine the required funding annually based upon anticipated utilization, cost trends, and benefit levels. An independent administrator provides claim and recordkeeping services. Settled claims for health benefits have not exceeded the District's commercial insurance coverage in any of the past three fiscal years.

The insurance claims payable liability of \$3,144,429 at June 30, 2006 is the estimated cost of settling claims that have been reported but not settled and claims that have been incurred but not reported. The District's claims payable for the year ended June 30, 2006 is as follows:

Current year actual and estimated claims	\$25,337,412
Claim payments	<u>22,192,983</u>
Claims payable, end of year	<u>\$ 3,144,429</u>

**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 \$378,500. This amount has been recognized as an expense and is included in accrued liabilities in the Statement of Net Assets. Other reasonably possible claims have been estimated to be \$566,570. Management and legal counsel will seek denial of the claims and believe 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 - Discretely Presented Component Unit Disclosures**

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

### **NOTE 10 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 Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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 SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, 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. Restricted support, where restrictions are met in the same period as the donation is made, is shown as additions to unrestricted net assets.

Periodically, the Foundation acts as a pass through for certain contributions. During 2006, the Foundation agreed to act as administrator of certain contributions wherein multiple organizations, including the Foundation, are the eventual recipients. At June 30, 2006, the Foundation has such contributions payable of \$642,000 related to such amounts under administration and due to be disbursed during the next fiscal year.

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 projects to advance these colleges. Permanently restricted contributions require the principal be invested in perpetuity, the income from which is reflected as unrestricted or temporarily restricted in the statement of activities as specified by the donor.

**NOTE 10 a - Organization Operations and Summary of Significant Accounting Policies** (continued)

Unconditional promises to give (pledges receivable) are recognized as revenues in the period received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. The Foundation has two conditional promises to give that are dependent on the Foundation's success in matching funds from other donors. An allowance for collectible pledges is provided based on management's evaluation of potential collectible pledges receivable at year-end. Long-term pledges receivable are carried at net present value. The period for which a pledge is to be paid can be extended at the discretion of the Foundation's management.

**Endowment funds** - Endowment funds investment earnings and fees are held in the endowment funds. 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 as calculated at the end of each year. Actual investment earnings, in excess of (or less than) this 5% distribution, are added to (subtracted from) the endowment principal, according to the policy disclosed to the endowment donors. If these 5% transfers are not fully disbursed within a one-year period, the remaining amounts are transferred back to the endowment funds. For the year ended June 30, 2006, \$196,698 of the unused funds was transferred back to the endowment funds.

**Temporarily restricted funds** - Since temporarily restricted funds are generally small in amount and/or expected to be disbursed within a relatively short time frame, earnings are unrestricted unless otherwise stipulated by the donor.

**Investments** - In accordance with SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, the Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Realized and unrealized gains and losses are reflected in the change in net assets in the accompanying statement of activities.

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 endowment funds.

**Income tax status** - The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue 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. None of the income has been determined to be unrelated.

**NOTE 10 b - Investments**

Investments consist of the following:

Corporate bonds	\$ 4,295,271
Government securities	3,221,755
Equity securities	<u>6,526,591</u>
Total investments	<u>\$14,043,617</u>

The following summarizes investment returns included in the statement of activities:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividends	\$ 193,670	\$ -	\$ 274,276	\$ 467,946
Net realized and unrealized gains (losses)	(111,387)	-	395,228	283,841
Brokerage fees	<u>(16,323)</u>	<u>-</u>	<u>(35,084)</u>	<u>(51,407)</u>
Total	<u>\$ 65,960</u>	<u>\$ -</u>	<u>\$ 634,420</u>	<u>\$ 700,380</u>

**NOTE 10 c - 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 10a – Endowment funds).

**NOTE 10 d - Contributed Services**

The Maricopa County Community College District provides administration services consisting of office space and administrative salaries to the Foundation without charge. The fair value of these contributed services is reflected in the statement of activities as general and administrative expenses.





# Supplemental Information

**Maricopa County Community College District**  
**Schedule of Revenues, Expenses, and Changes in Net Assets**  
**By College/Center**  
**For the Year Ended June 30, 2006**

	<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	\$ 9,558,995	\$ 15,905,089	\$ 7,398,103	\$ 25,281,754	\$ 12,305,437
Government grants and contracts	8,546,938	9,847,118	6,731,437	13,565,078	3,828,050
Private grants and contracts	17,158	470,756	983,454	1,034,522	259,368
Other	744,935	1,099,826	1,177,934	1,931,050	2,504,569
Total operating revenues	<u>18,868,026</u>	<u>27,322,789</u>	<u>16,290,928</u>	<u>41,812,404</u>	<u>18,897,424</u>
<b>Operating expenses:</b>					
Educational and general:					
Instruction	26,902,900	38,475,560	16,996,260	50,466,135	24,909,463
Public service	328,232	663,897	379,566	1,382,822	438,052
Academic support	6,045,821	7,537,642	2,622,312	9,227,393	4,938,879
Student services	8,169,540	9,915,196	5,152,428	12,334,019	5,165,497
Institutional support	6,156,377	5,063,974	5,259,302	11,019,893	4,037,243
Operation and maintenance of plant	5,134,090	5,660,270	2,258,461	6,639,358	4,562,371
Scholarships	462,853	327,960	182,354	722,031	258,469
Auxiliary enterprises	5,490,540	6,178,382	8,773,558	9,192,641	6,033,109
Depreciation	1,738,994	2,679,240	1,722,325	3,108,680	2,069,218
Other	-	-	222,803	5,420	10,769
Total operating expenses	<u>60,429,347</u>	<u>76,502,121</u>	<u>43,569,369</u>	<u>104,098,392</u>	<u>52,423,070</u>
Operating loss	(41,561,321)	(49,179,332)	(27,278,441)	(62,285,988)	(33,525,646)
<b>Nonoperating revenues (expenses):</b>					
Property taxes	35,472,016	44,326,622	23,096,126	59,498,392	28,227,213
State appropriations	5,128,397	8,360,704	3,405,456	11,759,657	4,705,947
State-shared sales tax	36,387	-	98,802	-	-
Private gifts	921,865	645,017	338,255	1,356,645	612,112
Investment income, net of investment expense	7,324	4,213	57	71	75
Interest expense on debt	(6,919)	-	-	-	(16,464)
Gain (loss) on sale/disposal of capital assets	(3,852)	(105,939)	(69,323)	-	(20,223)
Total Nonoperating revenues and expenses	<u>41,555,218</u>	<u>53,230,617</u>	<u>26,869,373</u>	<u>72,614,765</u>	<u>33,508,660</u>
Income (loss) before other revenues, expenses, gains or losses	(6,103)	4,051,285	(409,068)	10,328,777	(16,986)
Capital appropriations	-	-	-	-	-
Capital grants and gifts	6,103	7,311	409,068	36,937	16,986
Increase in net assets	<u>-</u>	<u>4,058,596</u>	<u>-</u>	<u>10,365,714</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>
\$ 23,004,886	\$ 2,583,909	\$ 8,100,867	\$ 7,619,325	\$ 4,734,504	\$ 11,050,228	\$ 127,543,097
11,271,070	4,266,544	2,558,423	3,151,994	4,007,085	4,424,682	72,198,419
684,230	11,278	6,142	272,937	-	312,382	4,052,227
370,054	260,975	173,672	365,405	376,268	6,023,589	15,028,277
<u>35,330,240</u>	<u>7,122,706</u>	<u>10,839,104</u>	<u>11,409,661</u>	<u>9,117,857</u>	<u>21,810,881</u>	<u>218,822,020</u>
27,680,259	9,805,016	14,451,790	16,005,284	10,182,365	1,860,176	237,735,208
4,923,897	181,054	202,360	38,377	583,200	4,430,117	13,551,574
6,494,335	3,359,726	4,431,365	3,518,512	2,467,527	3,698,188	54,341,700
5,413,551	4,057,927	3,259,061	4,402,528	3,549,352	1,048,273	62,467,372
7,233,754	2,798,069	5,443,630	3,134,994	5,578,811	36,146,126	91,872,173
1,885,680	2,210,675	3,398,314	2,504,442	2,166,906	1,243,820	37,664,387
105,417	157,114	219,015	76,708	125,834	263,175	2,900,930
11,124,346	1,760,180	2,192,480	3,097,665	3,218,145	6,540,416	63,601,462
1,461,861	1,161,580	2,266,745	1,767,368	1,552,139	2,941,422	22,469,572
-	2,576	25,279	-	-	334,831	601,678
<u>66,323,100</u>	<u>25,493,917</u>	<u>35,890,039</u>	<u>34,545,878</u>	<u>29,424,279</u>	<u>58,506,544</u>	<u>587,206,056</u>
(30,992,860)	(18,371,211)	(25,050,935)	(23,136,217)	(20,306,422)	(36,695,663)	(368,384,036)
41,979,810	16,480,571	20,954,622	19,485,109	17,643,133	17,429,755	324,593,369
10,445,298	1,619,366	3,526,424	3,430,057	2,481,894	-	54,863,200
-	-	-	-	-	8,301,131	8,436,320
4,811,955	267,549	536,874	202,422	200,344	68,695	9,961,733
131,466	-	24	(1,333)	-	16,804,820	16,946,717
-	-	(9,703)	-	-	(17,332,256)	(17,365,342)
<u>(4,892)</u>	<u>(13,959)</u>	<u>-</u>	<u>(1,074)</u>	<u>(19,474)</u>	<u>445,618</u>	<u>206,882</u>
<u>57,363,637</u>	<u>18,353,527</u>	<u>25,008,241</u>	<u>23,115,181</u>	<u>20,305,897</u>	<u>25,717,763</u>	<u>397,642,879</u>
26,370,777	(17,684)	(42,694)	(21,036)	(525)	(10,977,900)	29,258,843
-	-	-	-	-	10,977,900	10,977,900
380	17,684	42,694	21,036	525	-	558,724
<u>26,371,157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,795,467</u>
						314,121,974
						\$ <u>354,917,441</u>
						Net assets - July 1, 2005
						Total net assets, June 30, 2006

**Maricopa County Community College District**  
**Notes to Supplemental Information**  
**For the Year Ended June 30, 2006**

**NOTE 1 - Statement of Purpose**

The Maricopa County Community College District Statement of Revenues, Expenses, and Changes in Net Assets by College/Center for the Year Ended June 30, 2006, 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 - Basis of Allocation**

The District receives and records property taxes and state appropriations revenues 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.



# 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 Assets by Component  
Last Five Fiscal Years**

(Dollars in Thousands)

	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
Invested in capital assets, net of related debt	\$ 103,429	\$ 102,171	\$ 123,051	\$ 104,498	\$ 93,610
Restricted -- nonexpendable	1,040	1,002	893	871	223
Restricted -- expendable	115,033	91,755	57,138	57,868	63,268
Unrestricted	<u>135,415</u>	<u>119,194</u>	<u>107,089</u>	<u>104,126</u>	<u>103,772</u>
 Total net assets	 <u>\$ 354,917</u>	 <u>\$ 314,122</u>	 <u>\$ 288,171</u>	 <u>\$ 267,363</u>	 <u>\$ 260,873</u>

Source: Comprehensive Annual Financial Reports for years presented.

Note: For comparability purposes, only the fiscal years that have been reported by GASB 34/35 criteria are displayed. Additional information will be presented as it becomes available.

**Maricopa County Community College District  
Schedule of Expenses by Indentifiable Activity  
Last Five Fiscal Years**

(Dollars in Thousands)

	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
Instruction	\$ 237,735	\$ 216,254	\$ 201,072	\$ 187,296	\$ 175,597
Public service	13,552	14,729	13,465	13,907	12,163
Academic support	54,342	48,265	45,753	39,681	38,990
Student services	62,467	63,960	60,189	53,499	49,532
Institutional support	91,872	87,193	84,004	75,377	73,257
Operation and maintenance of plant	37,664	28,740	26,709	30,377	30,998
Scholarships	2,901	3,467	3,102	2,280	2,549
Auxiliary enterprises	63,601	59,790	54,795	44,912	45,083
Depreciation	22,470	25,047	21,193	24,236	21,498
Other	602	4,233	5,541	5,910	221
Total operating expenses	<u>587,206</u>	<u>551,678</u>	<u>515,823</u>	<u>477,475</u>	<u>449,888</u>
Interest expense on debt	17,365	13,709	12,618	14,421	15,317
Loss on disposal of capital assets	-	326	-	198	-
Total nonoperating expenses	<u>17,365</u>	<u>14,035</u>	<u>12,618</u>	<u>14,619</u>	<u>15,317</u>
Total expenses	<u>\$ 604,571</u>	<u>\$ 565,713</u>	<u>\$ 528,441</u>	<u>\$ 492,094</u>	<u>\$ 465,205</u>

Source: Comprehensive Annual Financial Reports for years presented.

Note: For comparability purposes, only the fiscal years that have been reported by GASB 34/35 criteria are displayed. Additional information will be presented as it becomes available.



**Maricopa County Community College District  
Schedule of Expenses by Use  
Last Five Fiscal Years**

(Dollars in Thousands)

	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
Salaries and benefits	\$ 410,438	\$ 382,588	\$ 357,983	\$ 326,304	\$ 301,700
Contract services	48,746	44,639	39,951	38,071	37,511
Financial aid	37,481	41,981	38,714	33,634	29,829
Depreciation	22,470	25,047	21,192	24,236	21,498
Communications, utilities, and travel	19,431	18,505	17,213	17,131	16,747
Noncapitalized equipment	19,208	11,117	12,003	13,044	16,718
Supplies and materials	18,422	17,824	18,202	16,579	15,556
Subscriptions, dues, insurance, and rentals	8,511	7,225	6,964	6,473	6,320
Other expenses	2,499	2,752	3,601	2,003	4,009
Total operating expenses	<u>587,206</u>	<u>551,678</u>	<u>515,823</u>	<u>477,475</u>	<u>449,888</u>
Interest expense on debt	17,365	13,709	12,618	14,421	15,317
Loss on sale/disposal of capital assets	-	326	-	198	-
Total nonoperating expenses	<u>17,365</u>	<u>14,035</u>	<u>12,618</u>	<u>14,619</u>	<u>15,317</u>
Total expenses	<u>\$ 604,571</u>	<u>\$ 565,713</u>	<u>\$ 528,441</u>	<u>\$ 492,094</u>	<u>\$ 465,205</u>

Source: Comprehensive Annual Financial Reports for years presented.

Note: For comparability purposes, only the fiscal years that have been reported by GASB 34/35 criteria are displayed. Additional information will be presented as it becomes available.

**Maricopa County Community College District  
Schedule of Revenues by Source  
Last Five Fiscal Years**

(Dollars in Thousands)

	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
Tuition and fees, net of scholarship allowance	\$ 127,543	\$ 116,027	\$ 102,641	\$ 91,855	\$ 85,149
Government grants and contracts	72,199	77,387	73,150	64,190	50,495
Private grants and contracts	4,052	3,202	3,435	3,136	3,051
Other	15,028	11,590	10,862	10,644	8,715
Total operating revenues	<u>218,822</u>	<u>208,206</u>	<u>190,088</u>	<u>169,825</u>	<u>147,410</u>
Property taxes	324,593	296,179	281,831	259,813	242,127
State appropriations	54,863	51,291	46,614	46,891	48,294
State-shared sales tax	8,436	7,712	5,926	5,208	4,436
Private gifts	9,962	10,504	10,595	9,887	8,569
Investment income, net of investment expense	16,947	7,127	3,710	(1,627)	8,996
Gain on sale/disposal of capital assets	207	-	26	-	92
Total nonoperating revenues	<u>415,008</u>	<u>372,813</u>	<u>348,702</u>	<u>320,172</u>	<u>312,514</u>
Total revenues	<u>\$ 633,830</u>	<u>\$ 581,019</u>	<u>\$ 538,790</u>	<u>\$ 489,997</u>	<u>\$ 459,924</u>

Source: Comprehensive Annual Financial Reports for years presented.

Note: For comparability purposes, only the fiscal years that have been reported by GASB 34/35 criteria are displayed. Additional information will be presented as it becomes available.

**Maricopa County Community College District  
Schedule of Other Changes in Net Assets  
Last Five Fiscal Years**

(Dollars in Thousands)

	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
Income/loss before other changes in net assets	\$ 29,259	\$ 15,307	\$ 10,349	\$ (2,098)	\$ (5,281)
Capital appropriations	10,978	10,372	8,310	8,310	8,238
Capital grants and gifts	558	272	2,149	279	694
Total change in net assets	<u>\$ 40,795</u>	<u>\$ 25,951</u>	<u>\$ 20,808</u>	<u>\$ 6,491</u>	<u>\$ 3,651</u>

Source: Comprehensive Annual Financial Reports for years presented.

Note: For comparability purposes, only the fiscal years that have been reported by GASB 34/35 criteria are displayed. Additional information will be presented as it becomes available.

**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			
1996-97	\$13,568,692	\$ 774,464	\$ 14,343,156	\$ 1.05	\$ 107,933,712	13.3 %
1997-98	14,854,238	869,260	15,723,498	1.13	120,276,555	13.1
1998-99	15,891,850	921,167	16,813,017	1.11	128,171,305	13.1
1999-00	17,749,278	927,553	18,676,831	1.13	142,792,237	13.1
2000-01	19,813,298	1,064,418	20,877,716	1.12	160,906,987	13.0
2001-02	21,748,902	1,164,233	22,913,135	1.11	180,653,046	12.7
2002-03	23,303,140	1,153,907	24,457,047	1.11	194,235,322	12.6
2003-04	26,405,899	1,072,089	27,477,988	1.08	226,293,568	12.1
2004-05	28,811,532	1,255,455	30,066,987	1.04	245,835,672	12.2
2005-06	31,886,842	1,310,376	33,197,218	1.03	273,817,028	12.1

Source: Maricopa County Department of Finance.

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.

**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			Maricopa County	Education Equalization	Central Arizona Water Conservation District	Other Special Districts	School Districts	Cities
	Primary Levy	Secondary Levy	Total						
1996-97	\$ .9772	\$ .0704	\$ 1.0476	\$ 1.65	\$ .53	\$ .14	\$ 1 - 6.46	\$ .11 - 10.22	\$ 0 - 2.21
1997-98	.9747	.1599	1.1346	1.65	.53	.14	0 - 4.35	.83 - 12.04	0 - 2.20
1998-99	.9866	.1259	1.1125	1.65	.53	.14	0 - 3.49	.11 - 10.64	0 - 2.20
1999-00	.9741	.1544	1.1285	1.62	.52	.14	0 - 2.99	.28 - 10.05	0 - 2.25
2000-01	.9691	.1503	1.1194	1.57	.51	.13	0 - 3.33	.12 - 9.49	0 - 2.08
2001-02	.9583	.1524	1.1107	1.54	.50	.13	0 - 4.00	.11 - 9.76	0 - 2.24
2002-03	.9634	.1493	1.1127	1.54	.49	.13	0 - 5.10	.47 - 13.65	0 - 2.04
2003-04	.9410	.1375	1.0785	1.54	.47	.12	0 - 3.65	.77 - 11.81	0 - 2.67
2004-05	.9211	.1161	1.0372	1.47	.46	.12	1 - 3.86	1.09 - 14.35	0 - 2.41
2005-06	.8936	.1379	1.0315	1.20	.44	.12	0 - 3.86	1.02 - 14.33	0 - 2.43

Source: District records and Maricopa County Department of Finance.

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

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

Taxpayer	Fiscal Year 2005-06			Fiscal Year 1996-97		
	2005-2006 Secondary Assessed Value	Rank	Percentage of 2005-06 Secondary Assessed Value	1996-1997 Secondary Assessed Value	Rank	Percentage of 1996-1997 Secondary Assessed Value
Arizona Public Service	\$ 960,770,161	1	2.90 %	\$ 859,289,610	1	5.99 %
Qwest/US West	430,859,239	2	1.30	358,933,081	2	2.50
Southern California Edison Company	165,327,964	3	0.50	278,454,289	4	1.94
Southwest Gas Corporation	148,557,030	4	0.45	87,239,909	8	0.61
El Paso Electric Co.	136,742,115	5	0.41	310,102,712	3	2.16
Cox Communications	103,396,395	6	0.31	-	-	-
Public Service Company of New Mexico	78,035,265	7	0.24	150,127,858	6	1.05
Intel Corporation	72,236,151	8	0.22	22,849,968	14	0.16
Target Corporation	65,925,348	9	0.20	-	-	-
Wells Fargo Bank, NA	65,614,265	10	0.20	-	-	-
Safeway, Inc.	62,843,996	11	0.19	-	-	-
Southern California Public Power Authority	61,459,710	12	0.19	103,426,513	7	0.72
AT&T	58,591,197	13	0.18	28,583,484	11	0.20
Wal-Mart Stores Inc.	55,635,992	14	0.17	-	-	-
Scottsdale Fashion Square Partnership	49,351,445	15	0.15	21,749,570	16	0.15
Albertson's	44,951,516	16	0.14	-	-	-
Freescale Semiconductor Inc.	43,491,886	17	0.13	-	-	-
Metropolitan Life Insurance Company	37,414,493	18	0.11	-	-	-
Panda Gila River, LP	37,409,399	19	0.11	-	-	-
Mesquite Power LLC	35,807,239	20	0.11	-	-	-
Motorola GEG SPS Computer Group, Inc.	-	-	-	169,934,602	5	1.18
City of Los Angeles Dept. of Water & Power	-	-	-	78,084,778	9	0.54
Evans Withycombe Residential	-	-	-	37,159,347	10	0.26
MLH Investors	-	-	-	28,133,903	12	0.20
First Interstate Bank	-	-	-	25,492,376	13	0.18
MONY PSM/PSP	-	-	-	22,269,682	15	0.16
McDonnell Douglas Realty & Helicopter	-	-	-	20,334,143	17	0.14
Shorenstein Co./Realty Investors LP	-	-	-	20,274,735	18	0.14
Southwestco Wireless LP	-	-	-	20,189,091	19	0.14
Scottsdale Princess Partnership	-	-	-	17,545,872	20	0.12
<b>Total Principal Taxpayers</b>	<b>\$ 2,714,420,806</b>		<b>8.21 %</b>	<b>\$ 2,660,175,523</b>		<b>18.54 %</b>
<b>Countywide Secondary Valuation</b>	<b>\$33,197,218,398</b>			<b>\$14,343,156,861</b>		

Source: Maricopa County Treasurer'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 2005 is \$536,657,362.

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

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)		Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Adjustments	Amount		Percentage of Original Levy	Amount		Percentage of Adjusted Levy	
2001-02	\$ 202,681,121	\$ (1,685,582)	\$200,995,539	\$ 196,163,488	96.78 %	\$ 4,636,926	\$200,800,414	99.90 %
2002-03	220,138,194	(1,717,840)	218,420,354	213,978,155	97.20	4,027,603	218,005,758	99.81
2003-04	239,708,940	(1,832,849)	237,876,091	232,995,411	97.20	4,485,365	237,480,776	99.83
2004-05	258,792,496	(2,271,988)	256,520,508	251,769,652	97.29	4,452,213	256,221,865	99.88
2005-06	277,063,231	(1,398,157)	275,665,074	268,737,564	97.00	-	268,737,564	97.49

Sources: Maricopa County Treasurer and District records.

Notes: Only the fiscal years that have been reported by GASB 34/35 criteria are displayed. Additional information will be presented as it becomes available.

Pursuant to Arizona Revised Statutes, the amount of total primary property taxes levied is limited. The levy limit grows by 2% each year plus new construction. 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 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
	1996-97	\$ 24.00	\$ 10.00		\$ 34.00	\$ -
1997-98	26.00	11.00	37.00	90.00	8.82	
1998-99	27.00	11.00	38.00	30.00	2.70	
1999-00	28.00	12.00	40.00	60.00	5.26	
2000-01	28.50	12.50	41.00	30.00	2.50	
2001-02	30.50	12.50	43.00	60.00	4.88	
2002-03	33.50	12.50	46.00	90.00	6.98	
2003-04	38.50	12.50	51.00	150.00	10.87	
2004-05	53.50	1.50	55.00	120.00	7.84	
2005-06	58.50	1.50	60.00	150.00	9.09	

**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	
	1996-97	\$ 1,020	- %	\$	1,276	2.99 %	\$	2,009	3.03 %
1997-98	1,110	8.82		1,314	2.98		2,058	2.44	
1998-99	1,140	2.70		1,327	0.99		2,158	4.86	
1999-00	1,200	5.26		1,338	0.83		2,259	4.68	
2000-01	1,230	2.50		1,333	(0.37)		2,344	3.76	
2001-02	1,290	4.88		1,380	3.53		2,486	6.06	
2002-03	1,380	6.98		1,483	7.46		2,583	3.90	
2003-04	1,530	10.87		1,702	14.77		3,593	39.10	
2004-05	1,650	7.84		1,847 (2)	8.52 (2)		4,074	13.39	
2005-06	1,800	9.09		1,929 (2)	4.44 (2)		4,428	8.69	

Source: District records.

Note 1: U.S. Department of Education (USDE), National Center for Education Statistics -- Higher Education Statistics: Student Charges (Digest of Education Statistics, 2005, August 2006).

Note 2: Estimates provided by USDE and District Budget Office.

Note 3: Arizona Board of Regents, Tuition History.



**Maricopa County Community College District  
Schedule of Ratios of Outstanding Debt  
Last Ten Fiscal Years**

(Dollars in Thousands, except for per capita and per student)

	For the Fiscal Year Ended June 30				
	2006	2005	2004	2003	2002
<b>General Bonded Debt</b>					
General obligation bonds	\$ 399,805	\$ 424,710	\$ 261,015	\$ 284,815	\$ 305,750
Per capita	\$ 109.58	\$ 120.51	\$ 74.61	\$ 84.05	\$ 92.84
Per student	\$ 1,677.33	\$ 1,774.70	\$ 1,101.69	\$ 1,220.62	\$ 1,364.84
Per FTSE	\$ 5,709.46	\$ 5,949.40	\$ 3,804.22	\$ 4,393.53	\$ 5,114.67
<b>Other Debt</b>					
Revenue bonds	\$ 23,360	\$ 25,975	\$ 29,005	\$ 24,600	\$ 12,295
Certificates of participation	-	-	-	-	-
Capital lease obligations	556	692	335	67	155
Total outstanding debt	\$ 423,721	\$ 451,377	\$ 290,355	\$ 309,482	\$ 318,200
Per capita	\$ 116.13	\$ 128.08	\$ 82.99	\$ 91.33	\$ 96.62
Per student	\$ 1,777.67	\$ 1,886.13	\$ 1,225.52	\$ 1,326.33	\$ 1,420.42
Per FTSE	\$ 6,051.00	\$ 6,322.96	\$ 4,231.84	\$ 4,774.04	\$ 5,322.94

	For the Fiscal Year Ended June 30				
	2001	2000	1999	1998	1997
<b>General Bonded Debt</b>					
General obligation bonds	\$ 322,535	\$ 283,035	\$ 300,270	\$ 205,085	\$ 211,000
Per capita	\$ 100.92	\$ 91.40	\$ 99.92	\$ 70.50	\$ 75.22
Per student	\$ 1,496.65	\$ 1,330.67	\$ 1,433.41	\$ 1,117.26	\$ 1,254.27
Per FTSE	\$ 5,715.26	\$ 5,277.25	\$ 5,788.78	\$ 4,283.67	\$ 4,573.53
<b>Other Debt</b>					
Revenue bonds	\$ 14,375	\$ 16,355	\$ 18,175	\$ 19,610	\$ 14,975
Certificates of participation	-	-	905	1,735	2,495
Capital lease obligations	135	198	772	964	364
Total outstanding debt	\$ 337,045	\$ 299,588	\$ 320,122	\$ 227,394	\$ 228,834
Per capita	\$ 105.46	\$ 96.74	\$ 106.53	\$ 78.17	\$ 81.58
Per student	\$ 1,563.98	\$ 1,408.49	\$ 1,528.17	\$ 1,238.80	\$ 1,360.29
Per FTSE	\$ 5,972.37	\$ 5,585.89	\$ 6,171.50	\$ 4,749.64	\$ 4,960.10

Source: Comprehensive Annual Financial Reports for years presented, Arizona Department of Economic Security, and District Records.

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

<b>Fiscal Year</b>	<b>Gross Revenues</b>	<b>Debt Service Requirements</b>			<b>Coverage Ratio</b>
		<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
1996-97	\$ 31,368,758	\$ 1,365,000	\$ 736,046	\$ 2,101,046	14.9
1997-98	34,432,022	1,435,000	708,966	2,143,966	16.1
1998-99	34,665,465	1,820,000	873,827	2,693,827	12.9
1999-00	39,835,460	1,980,000	796,007	2,776,007	14.3
2000-01	44,346,859	2,080,000	699,732	2,779,732	16.0
2001-02	45,973,895	2,175,000	538,586	2,713,586	16.9
2002-03	49,802,554	3,250,000	952,916	4,202,916	11.8
2003-04	58,563,224	3,030,000	1,145,310	4,175,310	14.0
2004-05	61,263,265	2,615,000	1,017,282	3,632,282	16.9
2005-06	65,315,322	2,755,000	899,566	3,654,566	17.9

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.

**Maricopa County Community College District  
Computation of Legal Debt Margin  
Fiscal Year Ended June 30, 2006**

Secondary Assessed Value of Real and Personal Property	<u>\$ 33,197,218,398</u>
Debt Limit, 15% of Secondary Assessed Value	<u>\$ 4,979,582,760</u>
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonded Debt	399,805,000
Amount Available for Debt Repayment	<u>(30,485,000)</u>
Total Debt Applicable to Debt Limit	<u>369,320,000</u>
 Legal Debt Margin	 <u>\$ 4,610,262,760</u>

Source: Maricopa County Department of Finance and District records.

**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>
2006	3,648,545	Not Available (1)	Not Available (1)	3.9 %
2005	3,524,175	Not Available (1)	Not Available (1)	4.1
2004	3,498,587	111,103,576	31,757	4.6
2003	3,388,711	102,277,852	30,182	5.6
2002	3,293,441	96,998,974	29,452	5.9
2001	3,195,893	93,544,549	29,270	4.0
2000	3,096,692	89,771,608	28,990	3.4
1999	3,004,985	80,924,901	26,930	3.3
1998	2,909,040	75,639,499	26,002	2.8
1997	2,805,009	68,656,472	24,476	3.0

Notes: (1) Information not available at date of report. Future data will be added as it becomes available.  
All information given for Maricopa County unless otherwise indicated  
Population figures are estimates as of July 1 of each fiscal year.

Sources: Arizona Department of Economic Security, Bureau of Economic Analysis and U.S.  
Department of Labor, Bureau of Labor Statistics.

**Maricopa County Community College District  
Top 25 Employers in Maricopa County  
(Ranked by the number of full-time equivalent employees in Arizona)  
Current Year and Nine Years Ago**

<b>Employer</b>	<b>2005-2006</b>		<b>1996-1997</b>	
	<b>Number of Full-Time Equivalent Employees in Arizona</b>	<b>Rank</b>	<b>Number of Full-Time Equivalent Employees in Arizona</b>	<b>Rank</b>
State of Arizona	49,958	1	60,592	1
Wal-Mart Stores, Inc.	28,246	2	-	
Banner Health System	19,250	3	-	
City of Phoenix	13,844	4	11,393	4
Maricopa County	13,002	5	12,025	3
Wells Fargo & Company	11,533	6	5,836	18
Arizona State University	11,202	7	7,672	8
United States Postal Service	11,000	8	10,833	5
Honeywell Aerospace	10,700	9	5,481	19
Raytheon Co.	10,300	10	-	
Intel Corp.	10,100	11	6,600	13
US Airways	9,940	12	-	
Bashas' Inc.	9,902	13	3,800	23
Albertson's/Osco Drug	9,500	14	-	
Safeway	9,286	15	5,071	21
Fry's Food & Drug Stores	9,200	16	5,872	17
Mesa Public Schools	8,716	17	6,378	15
JP Morgan Chase & Co.	8,700	18	-	
Target Corp.	8,246	19	-	
Luke Air Force Base	8,000	20	-	
Bank of America	7,268	21	7,100	12
American Express	7,000	22	7,200	11
Apollo Group Inc.	6,921	23	-	
Pinnacle West Capital Corp.	6,400	24	7,335	9
Walgreen Co.	6,300	25	-	
Motorola	-		19,350	2
Samaritan Health System	-		10,800	6
AlliedSignal Inc.	-		8,750	7
US West Inc.	-		7,300	10
Banc One Corp.	-		6,500	14
America West Holdings Corp.	-		6,000	16
The Circle K Co.	-		5,400	20
Salt River Project	-		4,261	22
McDonnell Douglas Corp.	-		3,800	24
Southwest Airlines Co.	-		3,800	25

Source: The Business Journal, Book of Lists.

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

	<b>For the Fiscal Year Ended June 30</b>				
	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
<b>Faculty</b>					
Part-time	6,131	4,886	4,487	3,142	3,414
Full-time	1,386	1,307	1,275	1,237	1,203
<b>Administrative &amp; support staff</b>	2,942	2,861	2,763	2,678	2,560
<b>Total employees</b>	10,459	9,054	8,525	7,057	7,177
Students per faculty member	32	39	41	53	49
Students per staff member	81	84	86	87	88
Average class size	22	19	18	18	17

	<b>For the Fiscal Year Ended June 30</b>				
	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
<b>Faculty</b>					
Part-time	3,648	4,861	4,562	2,689	2,728
Full-time	1,159	1,091	1,022	1,079	1,012
<b>Administrative &amp; support staff</b>	2,365	2,204	2,013	1,793	1,814
<b>Total employees</b>	7,172	8,156	7,597	5,561	5,554
Students per faculty member	45	36	38	49	45
Students per staff member	91	97	104	102	93
Average class size	17	20	19	21	21

Source: Comprehensive Annual Financial Reports for years presented and District Records.

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

**Historic Headcount**

<u>College/Center</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1996-97</u>
Phoenix	20,927	20,872	22,480	22,296	22,289	21,463	21,533	20,660	19,342	19,441
Glendale	32,201	33,694	34,360	33,888	33,259	33,174	32,965	30,975	29,180	29,205
GateWay	16,063	15,947	15,918	16,251	15,954	17,117	15,525	14,860	15,185	14,097
Mesa	43,371	45,098	43,931	41,941	39,869	38,542	38,270	38,589	37,247	36,185
Scottsdale	18,719	19,000	19,639	20,028	19,380	18,095	17,763	16,817	16,074	16,260
Rio Salado	46,806	44,203	41,280	38,419	36,097	34,198	30,410	31,072	25,733	24,717
South Mountain	7,534	7,308	7,200	6,587	6,163	5,764	5,286	5,105	4,470	4,457
Chandler-Gilbert	13,240	12,707	12,416	12,179	10,712	10,038	9,377	7,975	6,872	6,113
Paradise Valley	13,958	13,640	13,004	12,480	12,687	11,600	11,020	10,355	9,965	9,937
Estrella Mountain	9,886	9,705	9,040	8,922	8,291	7,441	7,303	6,836	5,338	4,676
Skill Centers	1,757	1,791	3,019	2,599	2,917	2,197	1,961	1,868	1,505	3,137
Adult Basic Education	13,896	15,349	14,636	17,747	16,401	15,875	21,288	24,368	12,649	-
<b>Total</b>	<b>238,358</b>	<b>239,314</b>	<b>236,923</b>	<b>233,337</b>	<b>224,019</b>	<b>215,504</b>	<b>212,701</b>	<b>209,480</b>	<b>183,560</b>	<b>168,225</b>

**Historic FTSE**

<u>College/Center</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1996-97</u>
Phoenix	6,546	6,847	6,908	6,761	6,297	6,015	5,998	5,826	5,592	5,704
Glendale	10,566	11,242	11,017	10,681	9,760	9,685	9,391	9,070	8,707	8,702
GateWay	3,847	3,728	3,703	3,441	3,046	2,881	2,647	2,601	2,576	2,438
Mesa	14,999	15,804	15,116	14,410	13,375	12,510	12,294	12,341	11,822	11,506
Scottsdale	6,006	6,359	6,396	6,210	5,784	5,316	5,049	4,819	4,624	4,643
Rio Salado	11,620	10,949	9,939	8,771	8,201	8,176	7,310	7,196	6,076	5,647
South Mountain	2,067	2,094	2,014	1,838	1,633	1,515	1,446	1,440	1,367	1,348
Chandler-Gilbert	4,501	4,432	4,230	3,849	3,358	2,927	2,503	2,172	1,913	1,740
Paradise Valley	4,378	4,288	3,970	3,724	3,448	3,275	3,087	2,819	2,571	2,565
Estrella Mountain	2,887	2,986	2,587	2,461	2,116	1,881	1,772	1,641	1,243	1,010
Skill Center	780	897	998	1,114	1,276	969	962	831	885	832
Adult Basic Education	1,828	1,761	1,734	1,566	1,485	1,284	1,174	1,115	500	-
<b>Total</b>	<b>70,025</b>	<b>71,387</b>	<b>68,612</b>	<b>64,826</b>	<b>59,779</b>	<b>56,434</b>	<b>53,633</b>	<b>51,871</b>	<b>47,876</b>	<b>46,135</b>

**Degrees and Certificates Awarded**

Associate of Arts	1,897	1,481	825	616	900	1,312	1,475	1,759	1,612	1,614
Associate of Applied Science	2,233	2,056	1,954	1,687	1,516	1,385	1,273	1,280	1,426	1,403
Associate of Business	244	179	139	99	53	35	6	-	-	-
Associate of General Studies	1,042	1,326	1,626	1,546	1,402	1,076	659	675	707	695
Associate in Science	237	169	66	44	28	15	12	13	26	-
Associate of Transfer Partnership	512	569	568	510	388	255	65	-	-	-
Academic Certificate	-	-	-	-	-	-	-	1	5	-
Certificates of Completion in Occupational Programs	11,107	9,330	8,647	7,390	7,283	10,172	6,149	5,697	7,184	3,430

Source: District records.

Note: 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**

<b>Fiscal Year</b>	<b>Attendance</b>		<b>Enrollment Status</b>			<b>Residency</b>			
	<b>FT</b>	<b>PT</b>	<b>Continuing</b>	<b>First Time</b>	<b>Readmit</b>	<b>Resident</b>	<b>Out of County</b>	<b>Out of State</b>	<b>Foreign</b>
1996-97	22 %	78 %	44 %	39 %	17 %	94 %	2 %	3 %	1 %
1997-98	22	78	44	40	16	94	2	3	1
1998-99	22	78	43	41	16	94	2	3	1
1999-00	22	78	43	42	15	94	2	3	1
2000-01	21	79	42	42	16	93	2	3	2
2001-02	22	78	43	41	16	93	3	2	2
2002-03	23	77	45	40	15	92	4	3	1
2003-04	25	75	47	38	15	92	3	4	1
2004-05	25	75	47	38	15	92	3	4	1
2005-06	24	76	47	38	15	92	3	4	1

<b>Fiscal Year</b>	<b>Gender</b>		<b>Ethnic Background</b>						<b>Median Age</b>
	<b>M</b>	<b>F</b>	<b>Native American</b>	<b>Asian</b>	<b>African American</b>	<b>Hispanic</b>	<b>Anglo</b>	<b>Other</b>	
1996-97	43 %	57 %	3 %	3 %	4 %	14 %	70 %	6 %	25
1997-98	44	56	3	3	4	15	68	7	25
1998-99	44	56	3	3	4	16	66	8	24
1999-00	44	56	3	4	4	16	64	9	24
2000-01	44	56	3	4	4	17	62	10	24
2001-02	44	56	3	4	4	17	61	11	24
2002-03	44	56	3	4	5	17	60	11	24
2003-04	43	57	3	4	5	17	59	12	24
2004-05	43	57	3	3	5	18	59	12	23
2005-06	43	57	3	4	5	19	58	11	23

Source: District records.



**Maricopa County Community College District  
Schedule of Capital Asset Information**

<u>Location</u>	<u>2005-06</u>
Phoenix	
Total Square Footage	575,500
Total Acreage	61.8
Glendale	
Total Square Footage	652,200
Total Acreage	223.0
GateWay	
Total Square Footage	373,200
Total Acreage	41.8
Mesa	
Total Square Footage	820,100
Total Acreage	243.0
Scottsdale	
Total Square Footage	505,300
Total Acreage	162.2
Rio Salado	
Total Square Footage	154,600
Total Acreage	10.0
South Mountain	
Total Square Footage	243,000
Total Acreage	99.9
Chandler-Gilbert	
Total Square Footage	439,200
Total Acreage	173.9
Paradise Valley	
Total Square Footage	21,900
Total Acreage	157.0
Estrella Mountain	
Total Square Footage	251,000
Total Acreage	216.1
District Services Support Center	
Total Square Footage	190,400
Total Acreage	5.7
Totals for District:	
Total Square Footage	4,226,400
Total Acreage	1,394.4

Notes: Information is displayed since the implementation of GASB 44 in FY 2005-06.  
Additional information for future years will be displayed as it becomes available.

Amounts for square footage are rounded to the nearest hundred

Source: District Records.





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(480)731-8554

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