

Maricopa County Community College District

Phoenix, Arizona

Chandler-Gilbert

Estrella Mountain

GateWay

Glendale

Mesa

Paradise Valley

Phoenix

Rio Salado

Scottsdale

South Mountain



South Mountain Community College

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2008





Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2008

**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, 2008

Table of Contents

Introductory Section

Message from the Chancellor	1
Letter of Transmittal	2
Certificate of Achievement for Excellence in Financial Reporting	9
Organizational Chart.....	10
Principal Officers.....	11
Vision, Mission, and Statement of Values	12

Financial Section

Independent Auditors' Report.....	15
Management's Discussion and Analysis.....	17
Basic Financial Statements:	
Statement of Net Assets – Primary Government	24
Statement of Financial Position – Component Unit.....	25
Statement of Revenues, Expenses, and Changes in Net Assets – Primary Government.....	26
Statement of Activities – Component Unit	27
Statement of Cash Flows – Primary Government	28
Notes to Financial Statements.....	30
Supplemental Information:	
Schedule of Revenues, Expenses, and Changes in Net Assets by College/Center	47
Notes to Supplemental Information.....	49

Statistical Section

Schedule of Net Assets by Component – Last Seven Fiscal Years.....	50
Schedule of Expenses by Identifiable Activity – Last Seven Fiscal Years.....	51
Schedule of Expenses by Use – Last Seven Fiscal Years	52
Schedule of Revenues by Source – Last Seven Fiscal Years.....	53
Schedule of Other Changes in Net Assets – Last Seven Fiscal Years	54
Assessed Value and Estimated Market Value of Taxable Property – Last Ten Fiscal Years	55
Property Tax Rates, Direct and Overlapping Governments – Last Ten Fiscal Years	56
Principal Taxpayers – Current Year and Nine Years Ago	57
Property Tax Levies and Collections – Last Seven Fiscal Years.....	58
Historic Tuition and Fees – Last Ten Fiscal Years	59
Schedule of Ratios of Outstanding Debt – Last Ten Fiscal Years	60
Revenue Bond Coverage – Last Ten Fiscal Years.....	61
Computation of Legal Debt Margin – Last Ten Fiscal Years	62
Schedule of Demographic and Economic Statistics – Last Ten Fiscal Years.....	63
Top 10 Employers in Maricopa County – Current Year and Nine Years Ago	64
Employee Statistics – Last Ten Fiscal Years	65
Enrollment and Degree Statistics – Last Ten Fiscal Years	66
Student Enrollment Demographic Statistics – Last Ten Fiscal Years.....	67
Schedule of Capital Asset Information – Last Three Fiscal Years	68



Introductory Section



www.maricopa.edu

DR. RUFUS GLASPER
CHANCELLOR

2411 W. 14th St.
Tempe, Arizona
85281-6942

Telephone
480.731.8000

Fax
480.731.8506

December 15, 2008

To the Citizens of Maricopa County:

It gives me great pleasure to present to you the 2008 Maricopa Community Colleges' Comprehensive Annual Financial Report. This report describes the financial operations of our colleges and allows us to outline the progress we continue to make while educating approximately a quarter-million students each year. This report also demonstrates to you, our taxpayers, that we remain responsible stewards of the funds you entrust to us.

Teaching and learning continues to be the central focus of our 10 colleges, two skill centers and satellite education centers. We are proud that thousands of students choose to enroll at a Maricopa Community College to complete the basic educational requirements for transfer to a university. In fact, in academic year 2007-08, about 25,000 undergraduates at state universities had transferred 12 or more hours from the Maricopa Community Colleges. What's more, a study of students who transferred from our colleges to Arizona State University that year showed that on average, the more classes students took at our colleges, the better they did when they reached the university. At the same time, the Maricopa Community Colleges remain the backbone of job training efforts in the area. I'm proud to say that we continue to be Arizona's largest provider of workforce skills training.

During 2007-08, we faced an uncertain economic outlook because of significant economic problems on both the national and state levels. The decline in the real estate market was particularly challenging for Arizona, and remains a problem for all levels of government today. Despite these challenges, the District's economic outlook remains sound.

For the 17th consecutive year, the District won the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA). This award means that you, our taxpayers, can be assured that our financial reporting is accurate and transparent, further contributing to our goal of using your funds wisely. Also, the District's financial stability continued during 2007-08. Three national bond ratings agencies, Standard & Poor's Ratings Services, Moody's Investors Service and Fitch Ratings, continued their highest "Triple A" ratings for the District's general obligation bonds. Like the Certificate of Achievement from GFOA, these ratings reflect the quality of our financial management.

Utilizing funds from the successful 2004 bond initiative to address the need for education in the sciences, six Maricopa Community Colleges – Mesa, Glendale, Scottsdale, Paradise Valley, Estrella Mountain, and South Mountain – have engaged in the design, expansion, or construction of science buildings. In addition, the completion of the new 67,000 square foot campus of Glendale Community College North has been a highlight of this past year. Although we continue to pursue numerous other construction projects, abnormally high inflation in the construction industry has continued to decrease the purchasing power of the funds taxpayers authorized in the 2004 bond initiative. As a result, we continue to move cautiously in our spending.

This Comprehensive Annual Financial Report is a description of our commitment to provide quality educational services while using tax resources in the best way possible. When you read it, I hope you'll agree that in 2008 the District served its taxpayers well and used its resources wisely.

Sincerely,

Rufus Glasper, Ph.D., CPA
Chancellor



A COMMUNITY OF COLLEGES...A WORLD OF OPPORTUNITY
Chandler-Gilbert • Estrella Mountain • GateWay • Glendale • Mesa
Paradise Valley • Phoenix College • Rio Salado • Scottsdale • South Mountain • Skill Centers
The Maricopa County Community College District is an EEO/AA institution



www.maricopa.edu

DR. RUFUS GLASPER
CHANCELLOR

2411 W. 14th St.
Tempe, Arizona
85281-6942

Telephone
480.731.8000

Fax
480.731.8506

December 15, 2008

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, 2008 (FY 2008).

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 is included in this document. The auditors' opinion is unqualified.

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

Reporting Entity

The District is an independent reporting entity within the criteria established by generally accepted accounting principles (GAAP) and the Governmental Accounting Standards Board (GASB). According to GASB Statement No. 14, the financial reporting entity consists of "a primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete." MCCCD is a primary government because it is "a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments". Although the District shares the same geographic boundaries with Maricopa County, financial accountability for all activities related to public community college education in Maricopa County is exercised solely by the District. In accordance with GASB Statement No. 39, the financial activity of the

Reporting Entity (continued)

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 and five Vice Chancellors: Vice Chancellor for Information Technology Services, Vice Chancellor for Resource Development & Community Relations, Vice Chancellor for Business Services, Vice Chancellor for Academic & Student 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 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 2007, the Arizona Department of Economic Security estimated the County's population to be 3,907,492, which represents an increase of 27% from the official April 2000 census.

Profile of Maricopa County Community College District (continued)

The County has slightly over 60% of the State's total population and 64% 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 260,000 individuals year-round in both credit and special-interest/non-credit classes.

The District offers a wide range of quality academic, career and technical, and personal interest programs to meet the needs of students throughout Maricopa County. Students planning to transfer may earn the 35-credit hour Arizona General Education Core or one of the following transfer degrees: Associate in Arts, Associate in Business, Associate in Science, and specialized degrees in Elementary Education and Fine Arts. Numerous Associate of Applied Science degrees are designed for students seeking technical expertise or upgrading skills in a specific career area. Non-credit personal interest courses are available in the arts, computer technology, personal development, and financial management. As indicated by racial category, the student enrollment data mirrors the population of Maricopa County: 58% Anglo, 19% Hispanic, 6% African American, 4% Asian, 3% Native American and 10% other.

The District is a major part of the community and continues to be a pipeline for the State's four-year universities, primarily Arizona State University (ASU). In academic year 2007-08, almost 25,000 undergraduates enrolled at the three state universities had transferred 12 or more credits from MCCCD.

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

State and Local Economy

The District is the largest provider of workforce training in Arizona, with programs in areas such as nursing and allied health, information technologies, business, construction and manufacturing, public services (police and fire science), and design fields. Through its Center for Workforce Development, the District has become well known both locally and nationally as the largest provider of job training in Arizona for new and expanding companies and enjoys ongoing success in forging partnerships with business and industry. The District, as well as the State's other community colleges and public universities, and private colleges, universities and technical institutes, plays 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 educational institutions significantly contributes to the dynamic performance of the Arizona workforce and its economy.

State and Local Economy (continued)

According to the Arizona Department of Commerce Research Administration, the Arizona economy is projected to experience negative employment growth in 2008 and 2009, primarily driven by a loss in business and consumer confidence. Specifically, Arizona's non-farm jobs are forecasted to decrease by 1.3% in 2008 and .5% in 2009. This translates into an estimated loss of 47,000 non-farm jobs over a two-year period. Higher commodity prices, stagnant incomes and the effects of the crisis in finance and housing have all combined to erode business and consumer confidence. The industries with the greatest expected percentage of job losses through 2009 are construction and financial activities. Despite the current economic downturn, slow growth rate is projected in educational and health services. They are projected to have the largest job growth of any major industry group with a gain of more than 18,000 jobs (6.1 percent) between 2008 and 2009.

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 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.

Long Term Strategic Financial and Operational Planning (continued)

Financial Reporting

An automated financial accounting system captures all financial transactions and provides data for the preparation of this CAFR, including the audited financial statements. These statements present information on the financial position of the District and 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 MCCCDC. 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. The MCCCDC'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 MCCCDC's Compensation Department.

Major Initiatives

The Beyond Boundaries program was updated to identify three fundamental principles for the District to focus on: student success, one Maricopa, and public stewardship. As a community of colleges serving a large and diverse metropolitan area, collaboration and cooperation for the benefit of students is a primary objective. Moreover, we continue to strive for a "Maricopa

Major Initiatives (continued)

experience” that reflects common values and service standards at every college. We are committed to ensuring that students have full access to the learning opportunities they seek and that they are successful in their endeavors, regardless of the colleges they attend. Described here are a few of the initiatives undertaken to achieve those objectives.

ASU and NAU Alliances

Maricopa has invested in new partnerships with Arizona State University (ASU) and Northern Arizona University (NAU) which are intended to increase the number of students who complete Associate and Baccalaureate degrees. The Maricopa/ASU Alliance has 1,728 students participating in five programs. The NAU Connection partnership includes selected high demand baccalaureate degree programs offered on the site of all ten colleges, as well as NAU transfer advisors on site at the community colleges. Both partnerships provide student benefits such as dedicated advising and other student support components.

New Student Information System

The District implemented a new student information system to replace its decades-old legacy system in February 2008. This system captures, secures and tracks all relevant information about students, alumni, and organizational data and serves 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

As a result of the support of a referendum approved by 76% of voters in 2004, Maricopa embarked on a \$951 million capital program financed by General Obligation bonds. 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 calls 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, have limited our ability to develop this program as planned. One impact has been that numerous projects have been scaled back and some projects have been canceled to fund higher priority projects. District and College capital plans will be revised to optimize the use of bond funds in this new economic environment.

Since the bond program started in 2005, the Maricopa Community Colleges have purchased several buildings and parcels of land using the 2004 General Obligation Bond Funds. These purchases have added an additional 291,500 square feet of building space and 220 acres of land.

Major Initiatives (continued)

Specifically, in the past year the District has completed work on Phase I at Glendale Community College's North Campus at 67,700 square feet and Mesa Community College's new Southwest Science Building adding 56,400 square feet to its campus. Several projects are in progress at this time including Glendale Community College's life science building, Chandler-Gilbert Community College's general purpose and healthcare classroom facility, Phoenix College's fine arts building, Scottsdale Community College's physical and life sciences building, and Paradise Valley Community College's life science lab building. Many other expansion, remodeling, and building projects are currently in progress.

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, 2007. This was the 17th consecutive year that the District has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal regulations.

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

Acknowledgment

We wish to thank the members of the Board for their guidance and support in planning and conducting the financial operations of the District in a highly responsible and progressive manner. The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Division of Business Services and the College Business Offices. Appreciation is expressed to the 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, 2007

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.

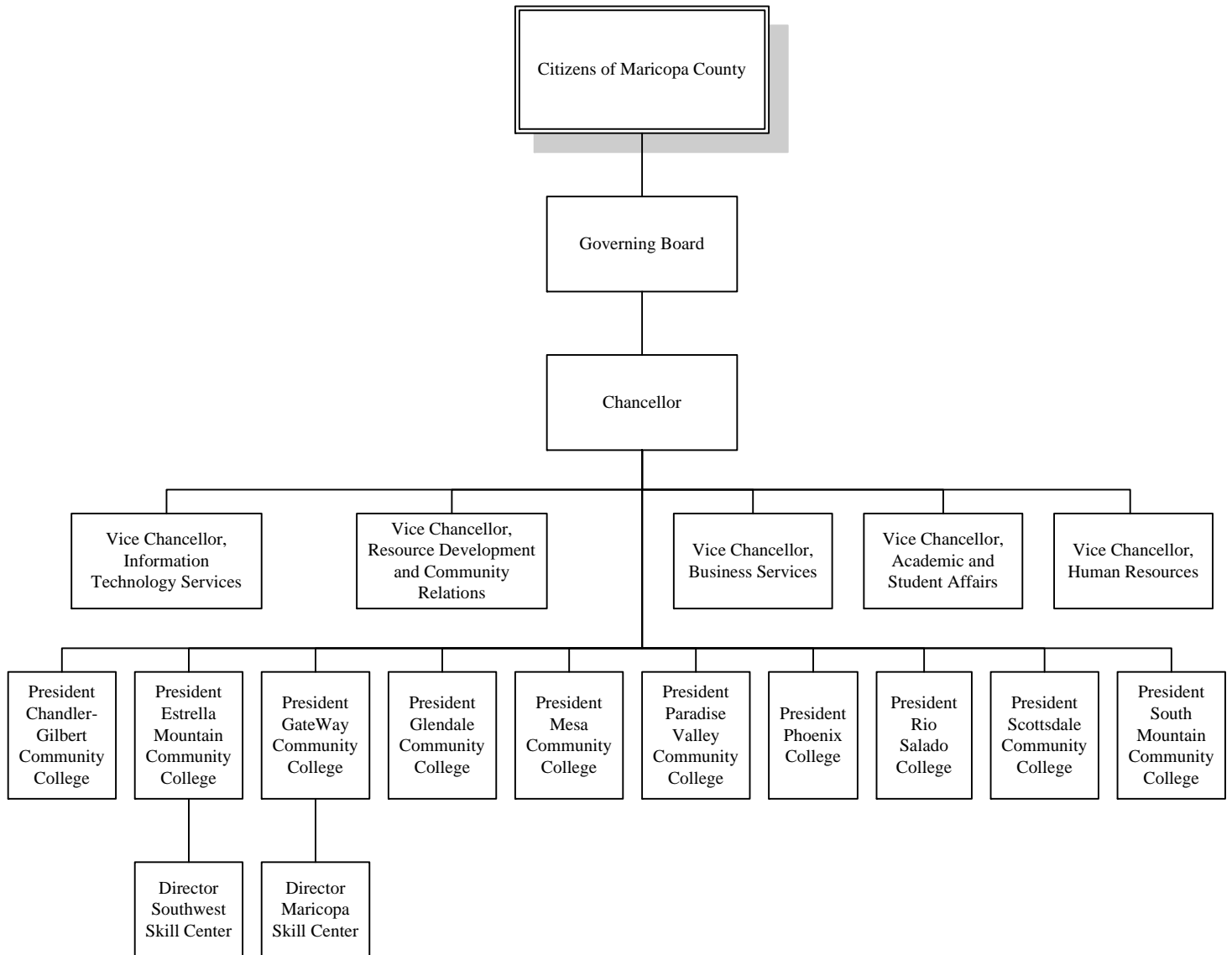


President

Executive Director

Maricopa County Community College District

Organizational Chart



Maricopa County Community College District

Principal Officers

Governing Board

Dr. Donald R. Campbell, *President*

Ms. Colleen Clark, *Secretary*

Mr. Scott Crowley

Mrs. Linda B. Rosenthal

Mr. Jerry D. Walker

Administration

Dr. Rufus Glasper, *Chancellor*

Dr. Steven Helfgot, *Vice Chancellor, Resource Development & Community Relations*

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

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

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

Mr. Darrel Huish, *Vice Chancellor, Information Technology Services*

College Presidents and Directors

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

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

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

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

Dr. Shouan Pan, *President, Mesa Community College*

Dr. Paul Dale, *Interim President, Paradise Valley Community College (effective 8/1/08)*

Dr. Anna Solley, *President, Phoenix College*

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

Dr. Jan Gehler, *President, Scottsdale Community College (effective 7/1/08)*

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

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

Ms. Katie Brocker, *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 Responsibility
- ▲▲ Global Engagement

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

Statement of Values

The Maricopa Community Colleges are committed to:

Community

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

Excellence

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

Honesty and integrity

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

Inclusiveness

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

Innovation

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

Learning

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

Responsibility

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

Stewardship

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





Financial Section



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

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, 2008, 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 included for the discretely presented component unit, is based solely 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, 2008, 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.

As described in Note 1, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement Nos. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*; 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*; and 50, *Pension Disclosures (an amendment of GASB Statements No. 25 and No. 27)*, for the year ended June 30, 2008, which represents changes in accounting principles.

The Management's Discussion and Analysis on pages 17 through 23 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 Schedule 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 15, 2008

**Maricopa County Community College District
Management's Discussion and Analysis
For the Year Ended June 30, 2008**

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, 2008. 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, 2008. 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, 2008. 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, 2008. 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 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 2007-08 (FY 2008), comparative data is presented for the previous fiscal year 2006-07 (FY 2007). 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, 2008</i>	<i>As of June 30, 2007</i>
Current assets	\$331,286,358	\$281,696,150
Noncurrent assets, other than capital assets	319,844,151	410,437,279
Capital assets, net	525,072,036	445,978,461
Total assets	1,176,202,545	1,138,111,890
Other liabilities	65,985,126	57,468,153
Long-term liabilities	611,504,219	662,766,965
Total liabilities	677,489,345	720,235,118
Net assets:		
Invested in capital assets, net of related debt	129,636,967	109,962,758
Restricted net assets	169,675,257	148,753,072
Unrestricted net assets	199,400,976	159,160,942
Total net assets	\$498,713,200	\$417,876,772

<i>Statement of Revenues, Expenses, and Changes in Net Assets</i>	<i>For the Year Ended June 30, 2008</i>	<i>For the Year Ended June 30, 2007, as reclassified*</i>
Operating revenues	\$153,945,963	\$154,876,922
Operating expenses:		
Educational and general	553,491,843	534,233,825
Auxiliary enterprises	58,990,548	63,642,706
Depreciation	28,820,650	28,166,343
Other	601,007	584,722
Total operating expenses	641,904,048	626,627,596
Operating loss	(487,958,085)	(471,750,674)
Nonoperating revenues and expenses	556,835,875	522,629,035
Income before other revenues, expenses, gains, or losses	68,877,790	50,878,361
Other revenues, expenses, gains, or losses	11,958,638	12,080,970
Increase in net assets	80,836,428	62,959,331
Net assets, Beginning of year	417,876,772	354,917,441
Net assets, End of year	\$498,713,200	\$417,876,772

* The fiscal year 2007 amounts have been reclassified for comparison with fiscal year 2008, see explanation on page 21.

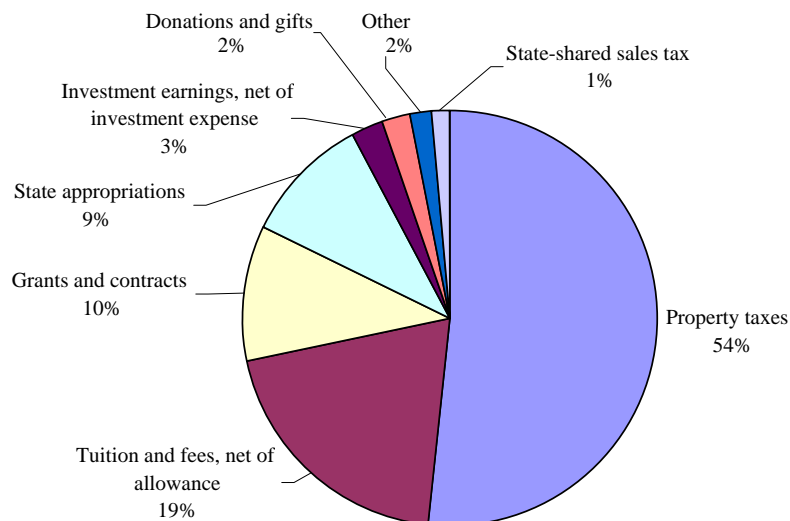
Basic Financial Statements (continued)

The following schedule presents a summary and comparison of revenues for the fiscal years ended June 30, 2008 and June 30, 2007.

<i>Revenues by Source</i>	FY 2008		FY 2007, as reclassified*		Increase/(Decrease)	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Change</u>
<u>Operating revenues</u>						
Tuition and fees, net of scholarship allowance	\$141,086,037	19%	\$141,232,234	20%	\$(146,197)	-%
Other operating revenues	12,859,926	2	13,644,688	2	(784,762)	(6)
Total operating revenues	<u>153,945,963</u>	<u>21</u>	<u>154,876,922</u>	<u>22</u>	<u>(930,959)</u>	<u>(1)</u>
<u>Nonoperating revenues</u>						
Property taxes	399,567,021	54	364,536,473	52	35,030,548	10
State appropriations	68,733,050	9	68,950,200	10	(217,150)	-
State-shared sales tax	8,945,863	1	10,254,921	1	(1,309,058)	(13)
Grants and contracts	78,439,152	10	74,628,419	10	3,810,733	5
Donations and gifts	14,026,373	2	13,044,616	2	981,757	8
Investment earnings, net of investment expense	23,089,419	3	21,266,973	3	1,822,446	9
Gain on sale/disposal of capital assets	-	-	68,838	-	(68,838)	(100)
Total nonoperating revenues	<u>592,800,878</u>	<u>79</u>	<u>552,750,440</u>	<u>78</u>	<u>40,050,438</u>	<u>7</u>
Total revenues	<u>\$746,746,841</u>	<u>100%</u>	<u>\$707,627,362</u>	<u>100%</u>	<u>\$39,119,479</u>	<u>6%</u>

* The fiscal year 2007 amounts have been reclassified for comparison with fiscal year 2008, see explanation on page 21.

Revenues by Source FY 2008

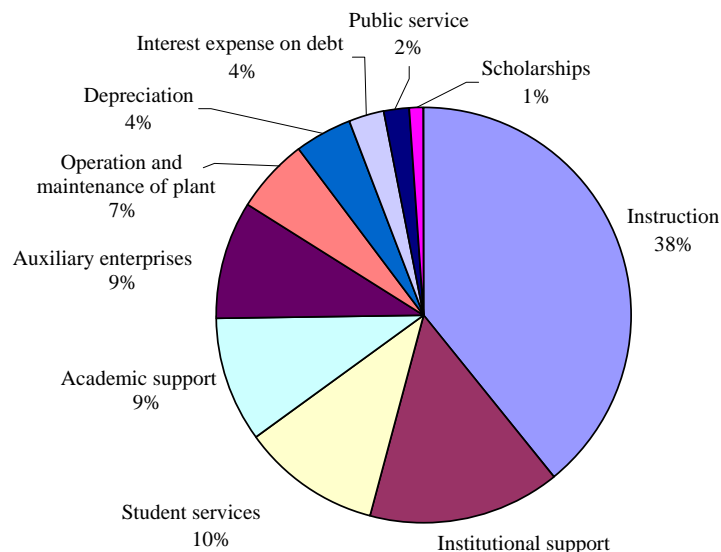


Basic Financial Statements (continued)

The following schedule presents a summary and comparison of expenses for the fiscal years ended June 30, 2008 and June 30, 2007.

<i>Expenses by Function</i>	FY 2008		FY 2007		Increase/(Decrease)	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Change</u>
<u>Operating expenses</u>						
Educational and general						
Instruction	\$252,671,157	38%	\$252,771,699	39%	\$(100,542)	-%
Public service	13,776,191	2	13,269,306	2	506,885	4
Academic support	60,481,870	9	58,273,054	9	2,208,816	4
Student services	66,435,972	10	62,431,521	10	4,004,451	6
Institutional support	107,202,030	16	102,095,999	16	5,106,031	5
Operation and maintenance of plant	49,393,787	7	42,244,766	6	7,149,021	17
Scholarships	3,530,836	1	3,147,480	1	383,356	12
Auxiliary enterprises	58,990,548	9	63,642,706	10	(4,652,158)	(7)
Depreciation	28,820,650	4	28,166,343	4	654,307	2
Other	601,007	-	584,722	-	16,285	3
Total operating expenses	<u>641,904,048</u>	<u>96</u>	<u>626,627,596</u>	<u>97</u>	<u>15,276,452</u>	<u>2</u>
<u>Nonoperating expenses</u>						
Interest expense on debt	23,825,284	4	18,040,435	3	5,784,849	32
Loss on sale/disposal of capital assets	181,081	-	-	-	181,081	-
Total nonoperating expenses	<u>24,006,365</u>	<u>4</u>	<u>18,040,435</u>	<u>3</u>	<u>5,965,930</u>	<u>33</u>
Total expenses	<u>\$665,910,413</u>	<u>100%</u>	<u>\$644,668,031</u>	<u>100%</u>	<u>\$21,242,382</u>	<u>3</u>

Expenses by Function FY 2008



Financial Highlights and Analysis

Statement of Net Assets

The District's overall financial position improved in FY 2008. Total Net Assets for the District grew by \$81 million from FY 2007 to FY 2008. Approximately \$40.2 million of the increase is in unrestricted net assets. These funds relate to the District's primary operating funds and are used for general operational activities. Other noteworthy increases were in debt service (\$2.2 million) where funds have been set aside for payments on outstanding debt, in capital projects (\$17.9 million) where cash flows from invested capital funds have been set aside for current and future capital projects, and in invested in capital assets net of related debt (\$19.7 million) where the increase is primarily due to capital additions which were funded by non-debt resources.

Total assets increased \$38.1 million from FY 2007 to FY 2008. The majority of this increase is in current cash and cash equivalents resulting from balances in prior years and current revenues reserved for future use. Another change of interest is the shift of approximately \$80 million from non-current assets to capital assets, highlighting the progress of the District's capital program.

Total liabilities for the District decreased by \$42.7 million. The primary reason for the decrease is the debt service payments made in FY 2008 against long-term liabilities resulting in a corresponding decrease in non-current assets (long-term investments).

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 approximately \$39 million from FY 2007 to FY 2008. The District has reclassified Federal student financial aid and other grant revenues as nonoperating beginning in fiscal year 2007-08 due to additional guidance provided by GASB. The amounts presented within this analysis for 2007 have been reclassified for comparison purposes. The following revenue sources make up a significant portion of this total increase.

- Increase of \$35 million in Property Taxes due to the District maximizing its tax levy and new construction.
- Increase of \$3.8 million in Grants and Contracts primarily due to an increase in maximum award amounts for student financial aid Pell grant program.

Total expenses increased by \$21 million from FY 2007 to FY 2008. The following expenses, by function, comprise a significant portion of this total increase.

- Increase of \$2.2 million in Academic Support
This category includes activities to support the District's primary mission. The additional expenses are primarily due to the increased cost of expanded services available to students. The greatest rise in expenses was in the areas of wages and employee benefits.
- Increase of \$4.0 million in Student Services
This category includes activities that contribute to the students' emotional and physical well being and to promote intellectual, cultural, and social development outside the context of the formal classroom. This category also includes financial aid awarded to students which accounted for a significant portion of the increase.

Statement of Revenues, Expenses, and Changes in Net Assets (continued)

- Increase of \$5.1 million in Institutional Support
This category includes activities supporting the function of the District including administration, judgments, claims, uncollectible charges, fiscal and payroll operations, data processing, marketing, etc. The increase in this category is primarily related to higher wages and employee benefits, as well as greater expenses for professional services and license agreements.
- Increase of \$7.1 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 utility costs as well as an increase in purchases of furniture and installed furniture, fixtures, and equipment in support of the District's capital program.
- Decrease of \$4.7 million in Auxiliary Enterprises
This category includes expenses for programs characterized as self-supporting activities. The decrease in this category is primarily due to an overall decline in headcount for the District's non-credit programs resulting in lower expenditures, such as employee costs, professional services, supplies, etc.
- Increase of \$5.8 million in Interest Expense on Debt
The increase in this category is due to a full year of interest expense on the 2004 Series B general obligation bonds that were issued in April 2007.

Capital Assets and Debt Administration

The District's capital assets as of June 30, 2008 totaled \$525 million (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 slightly less than 18%, primarily attributed to increased investment in land, buildings, construction, technology, and equipment. The District has approximately \$106 million in construction in progress, with an estimated cost to complete of approximately \$173 million. Additional information on capital assets can be found in Note 4 to the financial statements.

In April 2007, the District sold \$240 million in bonds, used to support ongoing 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 fiscal year 2009.

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 AAA by Standard & Poor's. Reasons cited for the high ratings were a deep, diverse, and expanding economic base, strong financial policies and management, and a moderately low and manageable debt burden. See Current Factors Having Probable Future Financial Significance for additional information on the state's economy.

Capital Assets and Debt Administration (continued)

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

As the 2004 Bond Program continues, buildings open and new technology is acquired to serve the community; the District is challenged to ensure that there are sufficient resources and budget capacity to operate the buildings and support the technology. As of FY 2008, the District has set aside \$14.4 million in budget capacity for this purpose and has allocated \$12.1 million of this amount to support specific projects. The District will continue to increase budget capacity as the Bond Program progresses.

The global economy is experiencing a severe downturn. With rising foreclosures, unemployment, business closures, bankruptcies, and declining sales, many economists suggest the nation and Arizona are in a recession. Specifically, this downturn has resulted in declines in state sales and income taxes, forcing the state to cut budgets to state agencies, cities, towns, universities, and community colleges. The state cut \$2 million in the District's Fiscal Year 2008-09 operational appropriation and all \$11.1 million of its capital aid. Further, the state projects a revenue shortfall of \$1 billion in fiscal year 2008-09 and \$2 billion in fiscal year 2009-10. The District is likely to be affected by the state's financial issues for several years to come. The District has always budgeted conservatively and has been and will continue to take precautions. In order to address these anticipated changes, the District is working to implement a permanent 1% cut for fiscal year 2008-09 and an additional 1% cut in fiscal year 2009-10. The District also is planning for the possibility of additional cuts. When budget cuts are considered, the District's focus will remain on the primary mission: teaching and learning and student success. Other significant commitments the District has made are: to monitor resources carefully and regularly; to maintain a strong message that budget cuts to the community colleges harm students, harm the ability to serve the workforce needs of the state and as a result, cause even more harm to Arizona's future economy; to be prepared to deal quickly with the effects of changes in the economic outlook; to develop strategies that take into account the District's growth patterns, including reallocation of resources to programs that are mission-critical; and to be prepared to scale back where and when needed. Any budget plans will only be adopted after determining the best way to preserve the primary mission of teaching and learning and student success.

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. 14th Street; Tempe, AZ 85281.

**Maricopa County Community College District
Statement of Net Assets – Primary Government
June 30, 2008**

	Business-Type Activities
Assets	
Current assets:	
Cash and cash equivalents	\$ 300,659,342
Investments	69,899
Receivables (net of allowance of \$4,888,326)	28,514,398
Other	2,042,719
Total current assets	331,286,358
Noncurrent assets:	
Receivables (net of allowance of \$619,833)	354,363
Other	4,341,648
Restricted assets:	
Cash and cash equivalents	109,761,628
Investments	201,000,000
Receivables (net of allowance of \$407,514)	2,383,447
Other	2,003,065
Capital assets, not being depreciated	162,055,818
Depreciable capital assets, net of depreciation	363,016,218
Total noncurrent assets	844,916,187
Total assets	1,176,202,545
Liabilities	
Current liabilities:	
Accounts payable	18,301,718
Accrued liabilities	24,986,648
Deposits held in custody for others	1,172,544
Interest payable	12,041,350
Deferred revenues	9,482,866
Long-term liabilities - current portion	54,256,710
Total current liabilities	120,241,836
Noncurrent liabilities:	
Total liabilities	557,247,509
Total liabilities	677,489,345
Net Assets	
Invested in capital assets, net of related debt	129,636,967
Restricted:	
Nonexpendable:	
Endowments	220,683
Student loans	448,458
Expendable:	
Scholarships	1,553,189
Grants and contracts	21,053,405
Student loans	73,046
Debt service	61,231,142
Capital projects	85,095,334
Unrestricted	199,400,976
Total net assets	\$ 498,713,200

See accompanying notes to financial statements.

Maricopa County Community College District
Statement of Financial Position – Component Unit
June 30, 2008

Assets	<u>Maricopa County Community College District Foundation</u>
Current assets:	
Cash and cash equivalents	\$ 1,113,890
Pledges receivable, net	420,648
Total current assets	<u>1,534,538</u>
Pledges receivable, net of current portion, discount and allowance	345,090
Investments	19,406,244
Cash surrender value of life insurance	477,729
Cash held for endowment purposes	969,156
Beneficial interest in charitable remainder unitrust	106,386
Other assets	2,300
Total assets	<u><u>\$ 22,841,443</u></u>
Liabilities and Net Assets	
Current liabilities:	
Accounts payable	\$ 340,966
Contributions held on behalf of other organizations	301,344
Charitable gift annuity liability	218,423
Total liabilities	<u>860,733</u>
Net assets:	
Unrestricted	460,894
Temporarily restricted	6,527,803
Permanently restricted	14,992,013
Total net assets	<u>21,980,710</u>
Total liabilities and net assets	<u><u>\$ 22,841,443</u></u>

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, 2008

	Business-Type Activities
Operating revenues:	
Tuition and fees (net of scholarship allowance of \$38,319,699)	\$ 141,086,037
Other	12,859,926
Total operating revenues	153,945,963
Operating expenses:	
Educational and general:	
Instruction	252,671,157
Public service	13,776,191
Academic support	60,481,870
Student services	66,435,972
Institutional support	107,202,030
Operation and maintenance of plant	49,393,787
Scholarships	3,530,836
Auxiliary enterprises	58,990,548
Depreciation	28,820,650
Other	601,007
Total operating expenses	641,904,048
Operating loss	(487,958,085)
Nonoperating revenues (expenses):	
Property taxes	399,567,021
State appropriations	57,529,050
State-shared sales tax	8,945,863
Government grants and contracts	74,690,509
Private grants and contracts	3,748,643
Private gifts	13,271,735
Investment earnings, net of investment expense	23,089,419
Interest expense on debt	(23,825,284)
Loss on sale/disposal of capital assets	(181,081)
Total nonoperating revenues	556,835,875
Income before other revenues, expenses, gains, or losses	68,877,790
Capital appropriations	11,204,000
Capital grants and gifts	754,638
Increase in net assets	80,836,428
Total net assets, July 1, 2007	417,876,772
Total net assets, June 30, 2008	\$ 498,713,200

See accompanying notes to financial statements.

Maricopa County Community College District
Statement of Activities – Component Unit
For the Year Ended June 30, 2008

Maricopa County Community College District Foundation

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenue:				
Contributions	\$ -	\$ 4,664,446	\$ 869,104	\$ 5,533,550
Contributed services	152,000	-	-	152,000
Investment return (loss)	359,021	-	(195,685)	163,336
Increase in cash surrender value of life insurance	-	-	8,218	8,218
Total support and revenue before special events and net assets released from restrictions	<u>511,021</u>	<u>4,664,446</u>	<u>681,637</u>	<u>5,857,104</u>
Special events revenue	-	259,102	-	259,102
Less cost of direct donor benefits	-	(112,293)	-	(112,293)
Gross profit from special events	<u>-</u>	<u>146,809</u>	<u>-</u>	<u>146,809</u>
Net assets released from restrictions	<u>4,021,954</u>	<u>(3,768,887)</u>	<u>(253,067)</u>	<u>-</u>
Total support and revenue	<u>4,532,975</u>	<u>1,042,368</u>	<u>428,570</u>	<u>6,003,913</u>
Expenses:				
Program expenses				
Scholarships and other programs	<u>4,021,954</u>	<u>-</u>	<u>-</u>	<u>4,021,954</u>
Supporting services				
General and administrative	<u>239,579</u>	<u>-</u>	<u>-</u>	<u>239,579</u>
Total expenses	<u>4,261,533</u>	<u>-</u>	<u>-</u>	<u>4,261,533</u>
Change in net assets	271,442	1,042,368	428,570	1,742,380
Net assets, beginning of year	<u>189,452</u>	<u>5,485,435</u>	<u>14,563,443</u>	<u>20,238,330</u>
Net assets, end of year	<u>\$ 460,894</u>	<u>\$ 6,527,803</u>	<u>\$ 14,992,013</u>	<u>\$ 21,980,710</u>

See accompanying notes to financial statements.

**Maricopa County Community College District
Statement of Cash Flows – Primary Government
For the Year Ended June 30, 2008**

CASH FLOWS FROM OPERATING ACTIVITIES	Business-Type Activities
Tuition and fees	\$ 135,508,926
Payments to employees	(447,165,695)
Payments to providers of goods and services	(120,181,063)
Payments to students for grants and scholarships	(35,552,397)
Other receipts	12,378,632
Net cash used for operating activities	<u>(455,011,597)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property taxes	397,039,880
State appropriations	57,529,050
State-shared sales tax	10,010,954
Grants and contracts	81,511,143
Federal student loans received	88,274,725
Federal student loans disbursed	(88,274,725)
Deposits held by others received	1,969,760
Deposits held by others disbursed	(1,950,683)
Gifts received for other than operating or capital purposes	13,271,735
Net cash provided by noncapital financing activities	<u>559,381,839</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital appropriations	11,204,000
Purchase of capital assets	(107,446,558)
Principal paid on capital debt and leases	(54,462,069)
Interest paid on capital debt and leases	(22,725,363)
Net cash used for capital and related financing activities	<u>(173,429,990)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	58,140,665
Interest received on investments	27,154,881
Net cash provided by investing activities	<u>85,295,546</u>
Net increase in cash	16,235,798
Cash and cash equivalents - beginning of year	394,185,172
Cash and cash equivalents - end of year	<u>\$ 410,420,970</u>

(continued)

See accompanying notes to financial statements.

Statement of Cash Flows (continued)

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

Operating loss	\$ (487,958,085)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation expense	28,820,650
Provision for uncollectible accounts	104,537
Expenses (related to revenue) for donations of non-capitalized items	105,892
Changes in assets and liabilities:	
Increase in:	
Receivables	(2,649,769)
Other assets	(635,187)
Accounts payable	9,383,388
Accrued liabilities	2,201,532
Long-term liabilities - Compensated absences	965,786
Decrease in:	
Student loans receivable	226,769
Deferred revenue	(5,577,110)
Net cash used for operating activities	<u>\$ (455,011,597)</u>

Noncash transactions:

Decrease in fair value of investments. The fair value of investments decreased by \$5,011.

Capital asset trade-ins. \$112,283 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 \$754,638.

Amortization of prepaid bond issuance costs. The District amortized \$240,523 of prepaid bond issuance costs.

Amortization of premium on bonds and deferred charges. The District amortized \$1,412,268 of bond premiums and (\$982,800) of deferred charges.

Rebatable arbitrage liability. The rebatable arbitrage liability additions increased \$2,662,926 as of June 30, 2008.

Decrease in claims payable. The estimate of health benefits and worker's compensation decreased by \$1,917 between fiscal year 2007 and fiscal year 2008.

Decrease in contingent losses. The estimate of contingent losses decreased by \$365,500 between fiscal year 2007 and fiscal year 2008.

Amortization of prepaid rent. The District recorded amortization of \$138,800 for use of the Glendale fire science facility.

See accompanying notes to financial statements.

Maricopa County Community College District
Notes to Financial Statements
For the Year Ended June 30, 2008

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.

For the year ended June 30, 2008, the District implemented the provisions of GASB Statement Nos. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*; 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*; and 50, *Pension Disclosures (an amendment of GASB Statements No. 25 and No. 27)*. GASB Statement No. 45 establishes governmental employer accounting and financial reporting requirements for postemployment benefits other than pensions. GASB Statement No. 48 establishes note disclosure requirements for governments that pledge future revenues as security for its debt. GASB Statement No. 50 amends GASB Statement Nos. 25 and 27 to require governmental employers to present certain additional pension disclosures in the notes.

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,

NOTE 1 - Summary of Significant Accounting Policies (continued)

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, 2008, the Foundation made distributions of \$4,021,954 to the District for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Foundation Office at 2419 W. 14th Street, Tempe, AZ 85281.

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 exchange transactions. Accordingly, revenues such as tuition and sales of auxiliary services are considered to be operating revenues. Other revenues, such as property taxes, state appropriations, and educational grants, are not generated from exchange transactions and are considered to be nonoperating revenues. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense on debt, are considered to be nonoperating expenses.

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

The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized in the year for which they are levied. State appropriations are recognized as

NOTE 1 - Summary of Significant Accounting Policies (continued)

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.

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:

Asset Category	Capitalization Threshold	Depreciation Method	Estimated Useful Life
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 advanced refundings resulting in defeasance of debt, the difference between the reacquisition price and net carrying amount of the old debt is deferred and amortized as a component of interest expense over the life of the refunded debt or the refunding debt, whichever is shorter. 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

NOTE 1 - Summary of Significant Accounting Policies (continued)

student or third parties making payments on behalf of the student. Accordingly, some types of student financial aid such as Pell grants and scholarships awarded by the District, are considered to be scholarship allowances. These allowances are netted against tuition and fees revenues in 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 statutes do not require the District to deposit other public monies with the County Treasurer; however, the District must act as a prudent person dealing with the property of another by following the statutory guidelines for investment decisions. The District invests in U.S. government securities, the State Treasurer's Local Government Investment Pool, repurchase agreements, guaranteed investment contracts, 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, 2008, total cash on hand was \$221,500. The carrying amount of bank deposits on the District's accounting system was \$10,152,132. At June 30, 2008, the District's bank balance was \$17,998,974; \$17,714,647 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, 2008, consist of the following:

State Treasurer's investment pools	\$355,330,315
County Treasurer's investment pool	5,215,538
Money market mutual fund	39,501,485
Guaranteed investment contract	201,000,000
Mutual funds – equity	69,899
Total	<u>\$601,117,237</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, 2008, credit risk for the District's investments were as follows:

Investment Type	Rating	Rating Agency	Amount
State Treasurer's investment pools	Unrated	Not applicable	\$355,330,315
County Treasurer's investment pool	Unrated	Not applicable	5,215,538
Guaranteed investment contract	Unrated	Not applicable	201,000,000
Money market mutual fund	Aaa	Moody's	39,501,485
Total			<u>\$601,047,338</u>

Concentration of Credit Risk

The District does not have a formal policy with respect to concentration of credit risk. The District had investments at June 30, 2008, of \$201,000,000 in a guaranteed investment contract, comprising 33 percent of the District's total investments with AIG Matched Funding Corp.

Interest Rate Risk

The District's policy states maturities shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. At June 30, 2008, the District had the following investments in debt securities:

Investment Type	Amount	Weighted Average Maturity (Months)
State Treasurer's investment pool 5	\$154,433,738	1.49
State Treasurer's investment pool 7	200,896,577	0.77
County Treasurer's investment pool	5,215,538	17.90
Guaranteed investment contract	201,000,000	9.00
Money market mutual fund	39,501,485	1.13
Total	<u>\$601,047,338</u>	

NOTE 2 - Deposits and Investments (continued)

In April 2007, the District entered into a guaranteed investment contract that has a fixed interest rate over a two year period of time. The District has the ability to access these funds as needed over the remainder of the guaranteed investment contract. The District's portfolio weighted average maturity without the guaranteed investment contract is 1.31 months.

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	\$ 221,500	Cash and cash equivalents	\$300,659,342
Deposits	10,152,132	Investments	69,899
Investments	601,117,237	Restricted assets:	
		Cash and cash equivalents	109,761,628
		Investments	201,000,000
Total	<u>\$611,490,869</u>	Total	<u>\$611,490,869</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 \$2,357,499)	\$ 8,756,740
Government grants	7,466,846
Private grants and contracts (net of allowance of \$116,990)	3,567,640
Student accounts (net of allowance of \$2,345,487)	6,121,701
Other (net of allowance of \$68,349)	2,601,471
Total current receivables	<u>\$ 28,514,398</u>

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, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2008</u>
Capital assets not being depreciated:				
Land	\$ 54,423,115	\$ 1,809,363	\$ -	\$ 56,232,478
Construction in progress	37,687,468	94,481,985	26,346,113	105,823,340
Total capital assets not being depreciated	<u>92,110,583</u>	<u>96,291,348</u>	<u>26,346,113</u>	<u>162,055,818</u>
Capital assets being depreciated:				
Buildings	477,499,601	10,409,376	-	487,908,977
Equipment	83,935,774	22,968,885	3,241,503	103,663,156
Improvements other than buildings	61,573,765	3,549,821	-	65,123,586
Library books	12,324,420	1,109,706	436,911	12,997,215
Total capital assets being depreciated	<u>635,333,560</u>	<u>38,037,788</u>	<u>3,678,414</u>	<u>669,692,934</u>
Less accumulated depreciation for:				
Buildings	184,075,803	14,638,221	-	198,714,024
Equipment	63,569,408	10,496,169	3,172,705	70,892,872
Improvements other than buildings	25,932,063	2,790,191	-	28,722,254
Library books	7,888,408	896,069	436,911	8,347,566
Total accumulated depreciation	<u>281,465,682</u>	<u>28,820,650</u>	<u>3,609,616</u>	<u>306,676,716</u>
Total capital assets being depreciated, net	<u>353,867,878</u>	<u>9,217,138</u>	<u>68,798</u>	<u>363,016,218</u>
Capital assets, net	<u>\$ 445,978,461</u>	<u>\$ 105,508,486</u>	<u>\$ 26,414,911</u>	<u>\$ 525,072,036</u>

The District has active construction projects with a remaining contractual commitment at June 30, 2008 of \$66,893,734. These projects will be funded through the bond proceeds.

NOTE 5 - Long-term Liabilities

The following schedule details the long-term liability activity for the year ended June 30, 2008.

	Balance, July 1, 2007	Additions	Reductions	Balance June 30, 2008	Due within one year
Bonds payable:					
General obligation bonds	\$ 609,320,000	\$ -	\$ 51,930,000	\$ 557,390,000	\$ 50,000,000
Revenue bonds	20,605,000	-	2,305,000	18,300,000	2,395,000
Premium on general obligation bonds	8,535,818		1,393,984	7,141,834	1,393,984
Premium on revenue bonds	279,807	-	18,284	261,523	18,285
Deferred charges on refunding	(4,528,705)	-	(982,880)	(3,545,825)	(982,880)
Capital leases	419,108		207,876	211,232	75,716
Rebatable arbitrage earnings	1,969,615	2,662,925	19,193	4,613,347	-
Compensated absences	26,166,322	2,653,390	1,687,604	27,132,108	1,356,605
Total long-term liabilities	<u>\$ 662,766,965</u>	<u>\$ 5,316,315</u>	<u>\$ 56,579,061</u>	<u>\$ 611,504,219</u>	<u>\$ 54,256,710</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, \$521,093,000 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, 2008, were as follows:

Description	Original Amount	Maturity Ranges	Interest Rates	Outstanding Principal
General obligation bonds				
Project of 1994, Series C (1999)	104,250,000	7/1/2008-15	3.25-5.25%	46,450,000
Refunding, Series A (1998)	65,145,000	7/1/2008-09	4.25-5.00%	18,800,000
Refunding, Series A&B (2002)	48,605,000	7/1/2008-11	5.00-5.25%	37,765,000
Refunding, Series A&B (2004)	66,610,000	7/1/2008-13	2.00-5.00%	64,105,000
Project of 2004, Series A (2005)	190,270,000	7/1/2008-19	3.00-4.50%	150,270,000
Project of 2004, Series B (2007)	240,000,000	7/1/2008-21	3.00-4.50%	240,000,000
Revenue bonds				
Revenue Bonds, Series 1998	6,000,000	7/15/2008-10	4.50-4.70%	1,845,000
Revenue Bonds, Series 2002	14,480,000	7/15/2008-22	3.00-4.63%	9,380,000
Revenue Bonds, Series 2003	7,655,000	7/15/2008-23	2.25-5.00%	7,075,000
			Total	<u>\$ 575,690,000</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, 2008.

Year Ending June 30:	General Obligation Bonds		Revenue Bonds		Total Debt Service Requirements
	Principal	Interest	Principal	Interest	
2009	50,000,000	22,362,002	2,395,000	728,534	75,485,536
2010	74,350,000	19,677,055	1,905,000	649,415	96,581,470
2011	49,715,000	17,016,667	1,415,000	580,081	68,726,748
2012	53,600,000	14,746,201	795,000	533,980	69,675,181
2013	53,265,000	12,226,064	830,000	501,418	66,822,482
2014-2018	173,380,000	36,489,920	4,620,000	1,987,248	216,477,168
2019-2023	103,080,000	6,292,664	5,700,000	861,803	115,934,467
2024	-	-	640,000	16,000	656,000
Total	<u>\$ 557,390,000</u>	<u>\$ 128,810,573</u>	<u>\$ 18,300,000</u>	<u>\$ 5,858,479</u>	<u>\$ 710,359,052</u>

Description of Issues

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 after July 1, 2008, are subject to early redemption.

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. In accordance with the refunding plan, the trustee retired the remaining liability for the defeased bonds of \$37,585,000 on July 1, 2006. This issue of refunding bonds is not subject to early redemption.

NOTE 5 - Long-term Liabilities (continued)

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. In accordance with the refunding plan, the trustee retired the remaining liability for the defeased bonds of \$63,375,000 on July 1, 2006. 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.

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

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

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 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.

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 – Pledges of Future Revenues

The District has pledged, as security for its revenue bonds, a portion of the District’s tuition revenue that is restricted for educational purposes. The revenue bonds, issued by the District in 1998, 2002, and 2003 in the amount of \$28,135,000 to provide financing for various capital projects, are payable through fiscal year 2024. The District has committed to designate each year, from the tuition revenue, amounts sufficient to cover the principal and interest requirements on the District’s debt. The total principal and interest remaining on the debt is \$24,158,479 with annual requirements ranging from \$3,123,534 in fiscal year 2009 to \$656,000 in fiscal year 2024, the final year. Tuition revenue, from which the designations will be made, has averaged approximately \$116,000,000 over the prior five fiscal years. For the current year, principal and interest paid by the District and the total tuition revenue recognized by the District were \$3,111,652 and \$141,086,037, respectively.

NOTE 7 - 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	\$ 448,083,318
Contract services	52,067,110
Financial aid	36,329,870
Depreciation	28,820,650
Communications, utilities, and travel	20,979,096
Noncapitalized equipment	24,101,576
Supplies and materials	18,496,766
Subscriptions, dues, insurance, and rentals	9,698,094
Other expenses	3,327,568
Total	<u>\$ 641,904,048</u>

NOTE 8 – Pension and Other Postemployment Benefits

Plan Description - The District contributes to a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health care plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan, all of which are administered by the Arizona State Retirement System. The Arizona State Retirement System (through its Retirement Fund) provides retirement (i.e., pension), death, and survivor benefits; the Health Benefit Supplement Fund provides health insurance premium benefits (i.e., a monthly subsidy); and the Long-Term Disability Fund provides long-term disability benefits. Benefits are established by state statute. 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

NOTE 8 - Pension and Other Postemployment Benefits (continued)

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.

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, 2008, active plan members were required by statute to contribute at the actuarially determined rate of 9.6 percent (9.1 percent retirement and 0.5 percent long-term disability) of the members' annual covered payroll. The District was required by statute to contribute at the actuarially determined rate of 9.6 percent (8.05 percent for retirement, 1.05 percent for health insurance premium, and 0.5 percent long-term disability) of the members' annual covered payroll.

The District's contributions for the current and two preceding years, all of which were equal to the required contributions, were as follows:

	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
Years ended June 30,			
2008	\$ 24,032,139	\$ 3,134,627	\$ 1,492,679
2007	21,994,969	3,058,903	1,456,620
2006	15,622,035	3,059,428	1,353,729

NOTE 9 - Risk Management

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

The District finances uninsured risks of loss for certain health benefits to eligible employees and their dependents. The healthcare plan provides coverage for amounts up to \$250,000 per claim. The District purchases commercial insurance for claims in excess of this limit, and utilizes a consultant to determine the required annual funding based upon anticipated utilization, cost trends, and benefit levels. An independent administrator provides claim and recordkeeping services. The District self-insures worker's compensation claims up to \$350,000 and purchases commercial insurance for claims exceeding \$350,000. Settled claims for worker's compensation and 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 \$4,627,393 at June 30, 2008 includes the amounts payable for both health benefits and worker's compensation. It is the estimated cost of settling claims that have been reported but not settled and claims that have been incurred but not reported. This estimate is based on actuarial estimates.

NOTE 9 - Risk Management (continued)

The District's claims payable for the fiscal years ended June 30, 2007 and June 30, 2008 are as follows:

	2007	2008
Claims payable, beginning of year	\$ 3,949,649	\$ 4,629,310
Current year actual and estimated claims	29,372,916	29,716,970
Less: Claim payments	<u>28,693,255</u>	<u>29,718,887</u>
Claims payable, end of year	<u>\$ 4,629,310</u>	<u>\$ 4,627,393</u>

NOTE 10 - 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 \$724,000. 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 \$160,000. 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 11 - Subsequent Events

The District had a guaranteed investment contract at June 30, 2008, with AIG Matched Funding Corp. This company is a wholly owned subsidiary of American International Group Inc. (AIG), the world's largest insurer. In mid-September, AIG was downgraded by all three major credit-reporting agencies – Standard & Poor's, Moody's Investors Services and Fitch Ratings. These downgrades triggered a requirement in the guaranteed investment contract to increase the posted collateral of full faith and credit government securities from 104% to 108% of the outstanding amount. The District decided to terminate the contract with AIG Matched Funding Corp. The District received the outstanding amount plus accrued interest on September 29, 2008. The funds were invested in the State Treasurer's Local Government Investment Pool (LGIP).

The District was notified in September 2008 that the State Treasurer's LGIP Investment Pool 5 held investments for Lehman Brothers Holding Inc, which filed for Chapter 11 reorganization in September 2008. These investments were segregated from the rest of Pool 5. The State Treasurer's office estimated the District's potential maximum loss to be approximately \$2 million. Upon notification of this event and in light of the National Century Financial Enterprises activities, the District decided to move its investments at LGIP from Pool 5 into Investment Pool 7. A transition strategy was developed with LGIP and all funds were moved from Pool 5 to Pool 7 as of the end of November 2008.

NOTE 12 - Discretely Presented Component Unit Disclosures

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

NOTE 12 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 restricted net assets.

Periodically, the Foundation acts as a pass through for certain contributions. During 2008, the Foundation agreed to act as administrator of certain contributions wherein multiple organizations, including the Foundation, are the eventual recipients. At June 30, 2008, the Foundation has such contributions payable of \$301,344 related to such amounts under administration and due to be disbursed to unrelated entities 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.

Unconditional promises to give (pledges receivable) are recognized as revenues in the period the pledges are made. Conditional promises to give are recognized only when the

NOTE 12 a - Organization Operations and Summary of Significant Accounting Policies (continued)

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 uncollectible pledges is provided based on management's evaluation of potential uncollectible 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, 2008, \$521,817 were eligible to be distributed, of which, \$253,067 was distributed and the unused funds of \$268,750 were 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 (the Code) and, therefore, there is no provision for income taxes for the entity. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170 of the code and has been deemed not to be a private foundation. Income determined to be unrelated business taxable income (UBTI) would be taxable. None of the income has been determined to be unrelated.

NOTE 12 b - Investments

Investments consist of the following:

Corporate bonds	\$ 6,408,032
Government securities	4,984,563
Equity securities	<u>8,013,649</u>
Total investments	<u>\$19,406,244</u>

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 334,239	\$ -	\$ 536,174	\$ 870,413
Net realized and unrealized gains (losses)	48,531	-	(679,640)	(631,109)
Brokerage fees	<u>(23,749)</u>	<u>-</u>	<u>(52,219)</u>	<u>(75,968)</u>
Total	<u>\$ 359,021</u>	<u>\$ -</u>	<u>\$ (195,685)</u>	<u>\$ 163,336</u>

NOTE 12 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 12a – Endowment funds).

NOTE 12 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, 2008

	<u>Phoenix College</u>	<u>Glendale Community College</u>	<u>GateWay Community College</u>	<u>Mesa Community College</u>	<u>Scottsdale Community College</u>
Operating revenues:					
Tuition and fees, net of scholarship allowance	\$ 10,067,981	\$ 17,281,950	\$ 8,294,685	\$ 25,822,314	\$ 13,550,510
Other	786,733	978,165	1,130,221	1,624,191	1,764,716
Total operating revenues	<u>10,854,714</u>	<u>18,260,115</u>	<u>9,424,906</u>	<u>27,446,505</u>	<u>15,315,226</u>
Operating expenses:					
Educational and general:					
Instruction	25,812,295	41,059,244	19,124,768	52,370,630	26,414,691
Public service	238,639	608,002	400,052	1,117,775	212,063
Academic support	6,144,686	7,782,631	2,994,438	9,614,312	5,895,121
Student services	7,556,732	10,146,910	5,208,618	12,044,637	5,328,287
Institutional support	8,419,910	6,388,052	5,462,563	13,055,216	4,206,101
Operation and maintenance of plant	7,444,930	8,638,317	2,934,907	7,201,306	6,051,349
Scholarships	586,383	403,020	143,289	941,639	264,924
Auxiliary enterprises	3,049,475	5,056,669	8,166,061	7,299,892	5,622,815
Depreciation	1,906,052	3,175,273	2,083,679	3,628,816	2,557,601
Other	-	3,750	91,048	20,875	18,737
Total operating expenses	<u>61,159,102</u>	<u>83,261,868</u>	<u>46,609,423</u>	<u>107,295,098</u>	<u>56,571,689</u>
Operating loss	(50,304,388)	(65,001,753)	(37,184,517)	(79,848,593)	(41,256,463)
Nonoperating revenues (expenses):					
Property taxes	36,386,614	53,190,825	25,153,025	70,654,435	32,188,867
State appropriations	4,943,705	8,540,872	3,468,168	11,551,711	5,029,169
State-shared sales tax	37,247	-	139,337	-	-
Government grants and contracts	7,606,076	10,380,910	6,894,146	13,768,821	3,840,025
Private grants and contracts	91,432	414,956	1,149,177	367,951	112,620
Private gifts	1,243,169	932,037	268,629	2,017,151	790,137
Investment earnings, net of investment expense	(5,594)	8,047	32	3,334	102
Interest expense on debt	(9,896)	-	-	-	(7,381)
Loss on sale/disposal of capital assets	-	(22,642)	(123,283)	-	(7,467)
Total Nonoperating revenues and expenses	<u>50,292,753</u>	<u>73,445,005</u>	<u>36,949,231</u>	<u>98,363,403</u>	<u>41,946,072</u>
Income (loss) before other revenues, expenses, gains or losses	(11,635)	8,443,252	(235,286)	18,514,810	689,609
Capital appropriations	-	-	-	-	-
Capital grants and gifts	11,635	364,446	235,286	34,441	20,585
Increase in net assets	<u>-</u>	<u>8,807,698</u>	<u>-</u>	<u>18,549,251</u>	<u>710,194</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>
\$ 26,837,879	\$ 3,181,634	\$ 10,133,356	\$ 8,799,332	\$ 5,801,055	\$ 11,315,341	\$ 141,086,037
438,615	204,626	364,755	492,490	354,927	4,720,487	12,859,926
<u>27,276,494</u>	<u>3,386,260</u>	<u>10,498,111</u>	<u>9,291,822</u>	<u>6,155,982</u>	<u>16,035,828</u>	<u>153,945,963</u>
28,701,144	11,167,230	17,673,680	17,358,802	11,244,828	1,743,845	252,671,157
5,830,931	257,315	311,849	87,831	194,767	4,516,967	13,776,191
9,254,275	3,910,947	4,492,913	3,625,632	2,690,517	4,076,398	60,481,870
7,550,932	4,184,777	3,935,110	4,906,997	3,808,140	1,764,832	66,435,972
8,756,441	2,759,965	5,736,937	4,012,427	5,500,678	42,903,740	107,202,030
2,953,802	2,229,615	3,954,468	3,532,134	3,041,766	1,411,193	49,393,787
210,538	270,763	243,435	83,849	118,885	264,111	3,530,836
12,472,745	1,655,046	1,970,810	2,118,606	4,000,926	7,577,503	58,990,548
2,292,962	1,417,705	2,449,739	1,888,504	2,052,089	5,368,230	28,820,650
6,216	1,500	3,998	470	-	454,413	601,007
<u>78,029,986</u>	<u>27,854,863</u>	<u>40,772,939</u>	<u>37,615,252</u>	<u>32,652,596</u>	<u>70,081,232</u>	<u>641,904,048</u>
(50,753,492)	(24,468,603)	(30,274,828)	(28,323,430)	(26,496,614)	(54,045,404)	(487,958,085)
63,706,924	18,030,183	27,782,621	23,301,839	19,391,362	29,780,326	399,567,021
11,256,182	1,763,206	4,502,354	3,692,352	2,781,331	-	57,529,050
-	-	-	-	-	8,769,279	8,945,863
13,314,214	4,200,973	3,139,115	3,202,214	4,065,097	4,278,918	74,690,509
523,236	55,393	64,910	98,893	75,854	794,221	3,748,643
6,320,072	413,680	710,810	229,657	180,847	165,546	13,271,735
200,871	-	37	-	-	22,882,590	23,089,419
-	-	(5,070)	-	-	(23,802,937)	(23,825,284)
<u>(1,030)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,659)</u>	<u>(181,081)</u>
<u>95,320,469</u>	<u>24,463,435</u>	<u>36,194,777</u>	<u>30,524,955</u>	<u>26,494,491</u>	<u>42,841,284</u>	<u>556,835,875</u>
44,566,977	(5,168)	5,919,949	2,201,525	(2,123)	(11,204,120)	68,877,790
-	-	-	-	-	11,204,000	11,204,000
6,711	5,168	48,713	25,410	2,123	120	754,638
<u>44,573,688</u>	<u>-</u>	<u>5,968,662</u>	<u>2,226,935</u>	<u>-</u>	<u>-</u>	<u>80,836,428</u>
						417,876,772
						\$ <u>498,713,200</u>
						Net assets - July 1, 2007
						Total net assets - June 30, 2008

Maricopa County Community College District
Notes to Supplemental Information
For the Year Ended June 30, 2008

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, 2008, 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. Maricopa Skill Center is included with GateWay Community College, and Southwest Skill Center is included with Estrella Mountain Community College.



Statistical Section

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

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

**Maricopa County Community College District
Schedule of Net Assets by Component
Last Seven Fiscal Years**

(Dollars in Thousands)

	<u>2007-08</u>	<u>2006-07</u>	<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	\$ 129,637	\$ 109,963	\$ 103,429	\$ 102,171	\$ 123,051	\$ 104,498	\$ 93,610
Restricted -- nonexpendable	669	921	1,040	1,002	893	871	223
Restricted -- expendable	169,006	147,832	115,033	91,755	57,138	57,868	63,268
Unrestricted	<u>199,401</u>	<u>159,161</u>	<u>135,415</u>	<u>119,194</u>	<u>107,089</u>	<u>104,126</u>	<u>103,772</u>
Total net assets	<u>\$ 498,713</u>	<u>\$ 417,877</u>	<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 Seven Fiscal Years**

(Dollars in Thousands)

	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
Instruction	\$ 252,671	\$ 252,772	\$ 237,735	\$ 216,254	\$ 201,072	\$ 187,296	\$ 175,597
Public service	13,776	13,269	13,552	14,729	13,465	13,907	12,163
Academic support	60,482	58,273	54,342	48,265	45,753	39,681	38,990
Student services	66,436	62,432	62,467	63,960	60,189	53,499	49,532
Institutional support	107,202	102,096	91,872	87,193	84,004	75,377	73,257
Operation and maintenance of plant	49,394	42,245	37,664	28,740	26,709	30,377	30,998
Scholarships	3,531	3,147	2,901	3,467	3,102	2,280	2,549
Auxiliary enterprises	58,990	63,643	63,601	59,790	54,795	44,912	45,083
Depreciation	28,821	28,166	22,470	25,047	21,193	24,236	21,498
Other	601	585	602	4,233	5,541	5,910	221
Total operating expenses	<u>641,904</u>	<u>626,628</u>	<u>587,206</u>	<u>551,678</u>	<u>515,823</u>	<u>477,475</u>	<u>449,888</u>
Interest expense on debt	23,825	18,040	17,365	13,709	12,618	14,421	15,317
Loss on sale/disposal of capital assets	181	-	-	326	-	198	-
Total nonoperating expenses	<u>24,006</u>	<u>18,040</u>	<u>17,365</u>	<u>14,035</u>	<u>12,618</u>	<u>14,619</u>	<u>15,317</u>
Total expenses	<u>\$ 665,910</u>	<u>\$ 644,668</u>	<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 Seven Fiscal Years**

(Dollars in Thousands)

	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
Salaries and benefits	\$ 448,083	\$ 440,052	\$ 410,438	\$ 382,588	\$ 357,983	\$ 326,304	\$ 301,700
Contract services	52,067	53,373	48,746	44,639	39,951	38,071	37,511
Financial aid	36,330	36,565	37,481	41,981	38,714	33,634	29,829
Depreciation	28,821	28,166	22,470	25,047	21,192	24,236	21,498
Communications, utilities, and travel	20,979	19,762	19,431	18,505	17,213	17,131	16,747
Noncapitalized equipment	24,102	18,493	19,208	11,117	12,003	13,044	16,718
Supplies and materials	18,497	16,575	18,422	17,824	18,202	16,579	15,556
Subscriptions, dues, insurance, and rentals	9,698	9,441	8,511	7,225	6,964	6,473	6,320
Other expenses	3,327	4,201	2,499	2,752	3,601	2,003	4,009
Total operating expenses	<u>641,904</u>	<u>626,628</u>	<u>587,206</u>	<u>551,678</u>	<u>515,823</u>	<u>477,475</u>	<u>449,888</u>
Interest expense on debt	23,825	18,040	17,365	13,709	12,618	14,421	15,317
Loss on sale/disposal of capital assets	181	-	-	326	-	198	-
Total nonoperating expenses	<u>24,006</u>	<u>18,040</u>	<u>17,365</u>	<u>14,035</u>	<u>12,618</u>	<u>14,619</u>	<u>15,317</u>
Total expenses	<u>\$ 665,910</u>	<u>\$ 644,668</u>	<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 Seven Fiscal Years**

(Dollars in Thousands)

	<u>2007-08</u>	<u>2006-07</u>	<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	\$ 141,086	\$ 141,232	\$ 127,543	\$ 116,027	\$ 102,641	\$ 91,855	\$ 85,149
Other	12,860	13,645	15,028	11,590	10,862	10,644	8,715
Total operating revenues	<u>153,946</u>	<u>154,877</u>	<u>142,571</u>	<u>127,617</u>	<u>113,503</u>	<u>102,499</u>	<u>93,864</u>
Property taxes	399,567	364,536	324,593	296,179	281,831	259,813	242,127
State appropriations	57,529	57,528	54,863	51,291	46,614	46,891	48,294
State-shared sales tax	8,946	10,255	8,436	7,712	5,926	5,208	4,436
Government grants and contracts	74,690	70,062	72,199	77,387	73,150	64,190	50,495
Private grants and contracts	3,749	4,566	4,052	3,202	3,435	3,136	3,051
Private gifts	13,272	12,386	9,962	10,504	10,595	9,887	8,569
Investment income, net of investment expense	23,089	21,267	16,947	7,127	3,710	(1,627)	8,996
Gain on sale/disposal of capital assets	-	69	207	-	26	-	92
Total nonoperating revenues	<u>580,842</u>	<u>540,669</u>	<u>491,259</u>	<u>453,402</u>	<u>425,287</u>	<u>387,498</u>	<u>366,060</u>
Total revenues	<u>\$ 734,788</u>	<u>\$ 695,546</u>	<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.

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

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

(Dollars in Thousands)

	<u>2007-08</u>	<u>2006-07</u>	<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	\$ 68,878	\$ 50,878	\$ 29,259	\$ 15,307	\$ 10,349	\$ (2,098)	\$ (5,281)
Capital appropriations	11,204	11,422	10,978	10,372	8,310	8,310	8,238
Capital grants and gifts	754	659	558	272	2,149	279	694
Total change in net assets	<u>\$ 80,836</u>	<u>\$ 62,959</u>	<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			
1998-99	\$15,891,850	\$ 921,167	\$16,813,017	\$ 1.1125	\$ 128,171,305	13.1 %
1999-00	17,749,278	927,553	18,676,831	1.1285	142,792,237	13.1
2000-01	19,813,298	1,064,418	20,877,716	1.1194	160,906,987	13.0
2001-02	21,748,902	1,164,233	22,913,135	1.1107	180,653,046	12.7
2002-03	23,303,140	1,153,907	24,457,047	1.1127	194,235,322	12.6
2003-04	26,405,899	1,072,089	27,477,988	1.0785	226,293,568	12.1
2004-05	28,811,532	1,255,455	30,066,987	1.0372	245,835,672	12.2
2005-06	31,886,842	1,310,376	33,197,218	1.0315	273,817,028	12.1
2006-07	34,922,001	1,372,693	36,294,694	1.0646	301,474,323	12.0
2007-08	48,136,309	1,398,265	49,534,574	0.9760	431,682,163	11.5

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						
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
2006-07	.8815	.1831	1.0646	1.18	.00	.12	0 - 3.86	.88 - 14.72	0 - 2.97
2007-08	.8246	.1514	0.9760	1.10	.00	.10	0 - 3.86	.94 - 8.76	0 - 2.67

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 2007-08			Fiscal Year 1998-99		
	2007-2008 Secondary Assessed Value	Rank	Percentage of 2007-2008 Secondary Assessed Value	1998-1999 Secondary Assessed Value	Rank	Percentage of 1998-1999 Secondary Assessed Value
Arizona Public Service	\$ 1,045,102,029	1	2.11 %	\$ 799,563,019	1	4.76 %
Qwest/US West	394,396,605	2	0.80	321,827,087	2	1.91
Southwest Gas Corporation	161,622,822	3	0.33	89,147,118	8	0.53
Southern California Edison Company	150,585,967	4	0.30	252,439,921	4	1.50
El Paso Electric Co.	127,268,095	5	0.26	259,757,709	3	1.54
Intel Corporation	122,524,021	6	0.25	*		
Wal-Mart Stores Inc.	98,990,554	7	0.20	*		
Wells Fargo Bank, NA	90,645,614	8	0.18	*		
Target Corporation	85,070,379	9	0.17	*		
Safeway, Inc.	79,759,356	10	0.16	*		
Motorola GEG SPS Computer Group, Inc.	*			178,728,459	5	1.06
Public Service Company of New Mexico	*			136,403,626	6	0.81
Southern California Public Power Authority	*			94,230,304	7	0.56
City of Los Angeles Dept. of Water & Power	*			68,423,576	9	0.41
AT&T/Wireless Services	*			43,302,972	10	0.26
Total Principal Taxpayers	<u>\$ 2,355,965,442</u>		<u>4.76 %</u>	<u>\$ 2,243,823,791</u>		<u>13.34 %</u>
Countywide Secondary Valuation	<u>\$49,534,573,831</u>			<u>\$16,813,017,261</u>		

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 2007 is \$584,113,282.

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

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

Fiscal Year	Taxes Levied for the Fiscal Year		Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	(Original Levy)	Adjustments		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2001-02	\$ 202,681,121	\$ (1,794,137)	\$200,886,984	\$ 196,163,488	96.78 %	\$ 4,564,155	\$200,727,643	99.92 %
2002-03	220,138,194	(1,834,626)	218,303,568	213,978,155	97.20	3,985,653	217,963,808	99.84
2003-04	239,708,940	(2,125,780)	237,583,160	232,995,411	97.20	4,354,698	237,350,109	99.90
2004-05	258,792,496	(2,877,374)	255,915,122	251,769,652	97.29	3,956,312	255,725,964	99.93
2005-06	277,063,231	(3,072,626)	273,990,605	268,737,564	97.00	5,049,527	273,787,091	99.93
2006-07	298,843,188	(2,904,883)	295,938,305	289,283,824	96.80	6,372,284	295,656,108	99.90
2007-08	322,620,948	(1,673,555)	320,947,393	311,374,459	96.51	-	311,374,459	97.02

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
1998-99	\$ 27.00	\$ 11.00	\$ 38.00	\$1,140.00	\$ 30.00	2.70 %
1999-00	28.00	12.00	40.00	1,200.00	60.00	5.26
2000-01	28.50	12.50	41.00	1,230.00	30.00	2.50
2001-02	30.50	12.50	43.00	1,290.00	60.00	4.88
2002-03	33.50	12.50	46.00	1,380.00	90.00	6.98
2003-04	38.50	12.50	51.00	1,530.00	150.00	10.87
2004-05	53.50	1.50	55.00	1,650.00	120.00	7.84
2005-06	58.50	1.50	60.00	1,800.00	150.00	9.09
2006-07	63.50	1.50	65.00	1,950.00	150.00	8.33
2007-08	63.50	1.50	65.00	1,950.00	0.00	-

**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
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	1,849	8.64	4,074	13.39
2005-06	1,800	9.09	1,935	4.65	4,428	8.69
2006-07	1,950	8.33	2,017	4.24	4,662	5.28
2007-08	1,950	-	2,361 (2)	17.06 (2)	4,949	6.16

Source: District records.

Note 1: U.S. Department of Education, National Center for Education Statistics, 2005-06 and 2006-07 Integrated Postsecondary Education Data System (IPEDS).

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

Note 3: Arizona Board of Regents, Tuition History.

**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				
	2008	2007	2006	2005	2004
General Bonded Debt					
General obligation bonds	\$ 557,390	\$ 609,320	\$ 399,805	\$ 424,710	\$ 261,015
Per capita	\$ 142.65	\$ 160.66	\$ 109.58	\$ 120.51	\$ 74.61
Per student	\$ 2,432.59	\$ 2,598.11	\$ 1,677.33	\$ 1,774.70	\$ 1,101.69
Per FTSE	\$ 8,190.29	\$ 8,759.44	\$ 5,709.46	\$ 5,949.40	\$ 3,804.22
Other Debt					
Revenue bonds	\$ 18,300	\$ 20,605	\$ 23,360	\$ 25,975	\$ 29,005
Certificates of participation	-	-	-	-	-
Capital lease obligations	211	419	556	692	335
Total outstanding debt	<u>\$ 575,901</u>	<u>\$ 630,344</u>	<u>\$ 423,721</u>	<u>\$ 451,377</u>	<u>\$ 290,355</u>
Per capita	\$ 147.38	\$ 166.20	\$ 116.13	\$ 128.08	\$ 82.99
Per student	\$ 2,513.38	\$ 2,687.76	\$ 1,777.67	\$ 1,886.13	\$ 1,225.52
Per FTSE	\$ 8,462.29	\$ 9,061.68	\$ 6,051.00	\$ 6,322.96	\$ 4,231.84
	For the Fiscal Year Ended June 30				
	2003	2002	2001	2000	1999
General Bonded Debt					
General obligation bonds	\$ 284,815	\$ 305,750	\$ 322,535	\$ 283,035	\$ 300,270
Per capita	\$ 84.05	\$ 92.84	\$ 100.92	\$ 91.40	\$ 99.92
Per student	\$ 1,220.62	\$ 1,364.84	\$ 1,496.65	\$ 1,330.67	\$ 1,433.41
Per FTSE	\$ 4,393.53	\$ 5,114.67	\$ 5,715.26	\$ 5,277.25	\$ 5,788.78
Other Debt					
Revenue bonds	\$ 24,600	\$ 12,295	\$ 14,375	\$ 16,355	\$ 18,175
Certificates of participation	-	-	-	-	905
Capital lease obligations	67	155	135	198	772
Total outstanding debt	<u>\$ 309,482</u>	<u>\$ 318,200</u>	<u>\$ 337,045</u>	<u>\$ 299,588</u>	<u>\$ 320,122</u>
Per capita	\$ 91.33	\$ 96.62	\$ 105.46	\$ 96.74	\$ 106.53
Per student	\$ 1,326.33	\$ 1,420.42	\$ 1,563.98	\$ 1,408.49	\$ 1,528.17
Per FTSE	\$ 4,774.04	\$ 5,322.94	\$ 5,972.37	\$ 5,585.89	\$ 6,171.50

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**

Fiscal Year	Gross Revenues	Debt Service Requirements			Coverage Ratio
		Principal	Interest	Total	
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
2006-07	65,855,635	2,305,000	806,652	3,111,652	21.2
2007-08	66,130,509	2,395,000	728,534	3,123,534	21.2

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
Last Ten Fiscal Years**

Fiscal Year	<u>2007-2008</u>	<u>2006-2007</u>	<u>2005-2006</u>	<u>2004-2005</u>	<u>2003-2004</u>
Debt Limit	\$ 7,430,186,075	\$ 5,444,204,040	\$ 4,979,582,760	\$ 4,510,048,001	\$ 4,121,698,129
Total net debt applicable to limit	<u>507,390,000</u>	<u>557,390,000</u>	<u>369,320,000</u>	<u>399,805,000</u>	<u>234,440,000</u>
Legal debt margin	<u><u>6,922,796,075</u></u>	<u><u>4,886,814,040</u></u>	<u><u>4,610,262,760</u></u>	<u><u>4,110,243,001</u></u>	<u><u>3,887,258,129</u></u>
Total net debt applicable to the limit as a percentage of debt limit	6.83%	10.24%	7.42%	8.86%	5.69%
 Fiscal Year	 <u>2002-2003</u>	 <u>2001-2002</u>	 <u>2000-2001</u>	 <u>1999-2000</u>	 <u>1998-1999</u>
Debt Limit	\$ 3,668,557,092	\$ 3,436,970,172	\$ 3,131,657,332	\$ 2,801,524,627	\$ 2,521,952,589
Total net debt applicable to limit	<u>261,015,000</u>	<u>284,815,000</u>	<u>305,750,000</u>	<u>272,392,803</u>	<u>284,727,121</u>
Legal debt margin	<u><u>3,407,542,092</u></u>	<u><u>3,152,155,172</u></u>	<u><u>2,825,907,332</u></u>	<u><u>2,529,131,824</u></u>	<u><u>2,237,225,468</u></u>
Total net debt applicable to the limit as a percentage of debt limit	7.11%	8.29%	9.76%	9.72%	11.29%

Legal Debt Margin Calculation for Fiscal Year 2008

Secondary Assessed Value of Real and Personal Property	<u>\$ 49,534,573,831</u>
Debt Limit, 15% of Secondary Assessed Value	<u>\$ 7,430,186,075</u>
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonded Debt	557,390,000
Amount Available for Debt Repayment	<u>(50,000,000)</u>
Total Debt Applicable to Debt Limit	<u>507,390,000</u>
Legal Debt Margin	<u><u>\$ 6,922,796,075</u></u>

**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>
2008	3,907,492	Not Available (1)	Not Available (1)	4.3 %
2007	3,792,675	Not Available (1)	Not Available (1)	3.1
2006	3,648,545	132,423,154	35,046	3.7
2005	3,638,481	121,476,089	33,312	4.1
2004	3,498,347	110,857,870	31,636	4.6
2003	3,389,229	101,378,940	29,883	5.6
2002	3,296,739	96,998,974	29,390	5.9
2001	3,198,064	93,544,549	29,225	4.0
2000	3,097,240	89,771,608	28,979	3.4
1999	3,004,985	80,924,901	26,930	3.3

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.

Amounts obtained are based on estimates which change from year to year. The numbers provided are from the most recent figures.

Sources: Arizona Department of Commerce and U.S. Department of Labor, Bureau of Labor Statistics.

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

Employer	2007-2008		1998-1999	
	Number of Full-Time Equivalent Employees in Arizona	Rank	Number of Full-Time Equivalent Employees in Arizona	Rank
State of Arizona	50,079	1	60,116	1
Wal-Mart Stores, Inc.	30,174	2	10,800	5
Banner Health System	17,020	3	*	
City of Phoenix	14,453	4	11,964	3
Maricopa County	14,057	5	11,396	4
Wells Fargo & Company	14,000	6	*	
Arizona State University	12,727	7	*	
Fry's Food & Drug Stores	11,780	8	*	
United States Postal Service	11,000	9	10,728	6
Honeywell Aerospace	10,700	10	*	
Motorola	*		19,642	2
Mesa Public Schools	*		9,737	7
Intel Corp.	*		9,275	8
Safeway Stores	*		9,021	9
Allied Signal Inc.	*		9,000	10

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

Source: The Business Journal, Book of Lists.

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

	For the Fiscal Year Ended June 30				
	2008	2007	2006	2005	2004
Faculty					
Part-time	4,995	6,061	6,131	4,886	4,487
Full-time	1,373	1,376	1,386	1,307	1,275
Administrative & support staff	3,064	2,914	2,942	2,861	2,763
Total employees	9,432	10,351	10,459	9,054	8,525
Students per faculty member	36	32	32	39	41
Students per staff member	75	80	81	84	86
Average class size	22	21	22	19	18

	For the Fiscal Year Ended June 30				
	2003	2002	2001	2000	1999
Faculty					
Part-time	3,142	3,414	3,648	4,861	4,562
Full-time	1,237	1,203	1,159	1,091	1,022
Administrative & support staff	2,678	2,560	2,365	2,204	2,013
Total employees	7,057	7,177	7,172	8,156	7,597
Students per faculty member	53	49	45	36	38
Students per staff member	87	88	91	97	104
Average class size	18	17	17	20	19

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>2007-08</u>	<u>2006-07</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>
Phoenix	18,709	20,275	20,927	20,872	22,480	22,296	22,289	21,463	21,533	20,660
Glendale	29,936	30,767	32,201	33,694	34,360	33,888	33,259	33,174	32,965	30,975
GateWay	14,350	15,633	16,063	15,947	15,918	16,251	15,954	17,117	15,525	14,860
Mesa	39,860	41,594	43,371	45,098	43,931	41,941	39,869	38,542	38,270	38,589
Scottsdale	17,618	17,866	18,719	19,000	19,639	20,028	19,380	18,095	17,763	16,817
Rio Salado	49,806	48,761	46,806	44,203	41,280	38,419	36,097	34,198	30,410	31,072
South Mountain	7,799	7,212	7,534	7,308	7,200	6,587	6,163	5,764	5,286	5,105
Chandler-Gilbert	15,101	14,033	13,240	12,707	12,416	12,179	10,712	10,038	9,377	7,975
Paradise Valley	14,159	14,006	13,958	13,640	13,004	12,480	12,687	11,600	11,020	10,355
Estrella Mountain	10,026	9,938	9,886	9,705	9,040	8,922	8,291	7,441	7,303	6,836
Skill Centers	1,527	1,815	1,757	1,791	3,019	2,599	2,917	2,197	1,961	1,868
Adult Basic Education	10,243	12,624	13,896	15,349	14,636	17,747	16,401	15,875	21,288	24,368
Total	<u>229,134</u>	<u>234,524</u>	<u>238,358</u>	<u>239,314</u>	<u>236,923</u>	<u>233,337</u>	<u>224,019</u>	<u>215,504</u>	<u>212,701</u>	<u>209,480</u>

Historic FTSE

<u>College/Center</u>	<u>2007-08</u>	<u>2006-07</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>
Phoenix	5,848	6,253	6,546	6,847	6,908	6,761	6,297	6,015	5,998	5,826
Glendale	10,023	10,248	10,566	11,242	11,017	10,681	9,760	9,685	9,391	9,070
GateWay	3,677	3,805	3,847	3,728	3,703	3,441	3,046	2,881	2,647	2,601
Mesa	13,653	14,432	14,999	15,804	15,116	14,410	13,375	12,510	12,294	12,341
Scottsdale	5,949	5,926	6,006	6,359	6,396	6,210	5,784	5,316	5,049	4,819
Rio Salado	12,230	12,127	11,620	10,949	9,939	8,771	8,201	8,176	7,310	7,196
South Mountain	2,086	2,052	2,067	2,094	2,014	1,838	1,633	1,515	1,446	1,440
Chandler-Gilbert	5,326	4,803	4,501	4,432	4,230	3,849	3,358	2,927	2,503	2,172
Paradise Valley	4,368	4,451	4,378	4,288	3,970	3,724	3,448	3,275	3,087	2,819
Estrella Mountain	3,087	3,045	2,887	2,986	2,587	2,461	2,116	1,881	1,772	1,641
Skill Center	629	727	780	897	998	1,114	1,276	969	962	831
Adult Basic Education	1,179	1,692	1,828	1,761	1,734	1,566	1,485	1,284	1,174	1,115
Total	<u>68,055</u>	<u>69,561</u>	<u>70,025</u>	<u>71,387</u>	<u>68,612</u>	<u>64,826</u>	<u>59,779</u>	<u>56,434</u>	<u>53,633</u>	<u>51,871</u>

Degrees and Certificates Awarded

Associate of Arts	2,505	2,330	1,897	1,481	825	616	900	1,312	1,475	1,759
Associate of Applied Science	2,505	2,331	2,233	2,056	1,954	1,687	1,516	1,385	1,273	1,280
Associate of Business	336	293	244	179	139	99	53	35	6	-
Associate of General Studies	740	896	1,042	1,326	1,626	1,546	1,402	1,076	659	675
Associate in Science	307	292	237	169	66	44	28	15	12	13
Associate of Transfer Partnership	322	426	512	569	568	510	388	255	65	-
Academic Certificate	6	13	-	-	-	-	-	-	-	1
Certificates of Completion in Occupational Programs	7,814	8,123	11,107	9,330	8,647	7,390	7,283	10,172	6,149	5,697
Arizona General Education Certificate	2,833	4,650 (1)								

Source: District records.

Note (1): Fiscal year 2007 is the first year the Arizona General Education Certificate is being reported as a separate item. In previous years, this number was included in the Certificates of Completion in Occupation Programs number.

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

The calculation used to determine the number of degrees and certificates awarded changed for fiscal year 2007. All previous years numbers shown using old calculation.

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

Fiscal Year	Attendance		Enrollment Status			Residency			
	FT	PT	Continuing	First Time	Readmit	Resident	Out of County	Out of State	Foreign
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
2006-07	24	76	46	39	15	92	3	4	1
2007-08	25	75	46	39	15	88	2	9	1

Fiscal Year	Gender		Ethnic Background						Median Age
	M	F	Native American	Asian	African American	Hispanic	Anglo	Other	
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
2006-07	42	58	3	4	5	20	58	10	23
2007-08	43	57	3	4	6	19	58	10	22

Source: District records.

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

<u>Location</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
Phoenix			
Total Square Footage	595,300	575,500	575,500
Total Acreage	61.5	61.5	61.8
Glendale			
Total Square Footage	735,100	735,100	652,200
Total Acreage	314.0	314.0	223.0
GateWay			
Total Square Footage	373,200	373,200	373,200
Total Acreage	42.0	42.0	41.8
Mesa			
Total Square Footage	911,219	834,519	820,100
Total Acreage	248.3	243.3	243.0
Scottsdale			
Total Square Footage	511,900	510,600	505,300
Total Acreage	162.0	162.0	162.2
Rio Salado			
Total Square Footage	445,770	244,285	154,600
Total Acreage	15.0	15.0	10.0
South Mountain			
Total Square Footage	247,000	246,700	243,000
Total Acreage	148.8	148.8	99.9
Chandler-Gilbert			
Total Square Footage	450,000	446,000	439,200
Total Acreage	174.3	174.3	173.9
Paradise Valley			
Total Square Footage	371,900	371,900	21,900
Total Acreage	159.0	165.0	157.0
Estrella Mountain			
Total Square Footage	250,000	250,000	251,000
Total Acreage	216.0	216.0	216.1
District Services Support Center			
Total Square Footage	280,705	240,066	190,400
Total Acreage	9.8	7.6	5.7
Totals for District:			
Total Square Footage	5,172,094	4,827,870	4,226,400
Total Acreage	1,550.7	1,549.5	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.



MARICOPA
COMMUNITY
COLLEGES



Comprehensive Annual Financial Report
Published and distributed by the District Support Services Center, Business Services Division
2411 West 14th Street, Tempe, Arizona 85281-6942
<http://www.maricopa.edu>
(480)731-8554

The Maricopa Community College District does not discriminate on the basis of race, color, religion, national origin, sex, sexual orientation, handicap/disability, age, or Vietnam-era/disabled veteran status in employment or in the application, admission, participation, access, and treatment of persons in instructional programs, activities, and employment practices.