

# Maricopa County Community College District

Phoenix, Arizona

Chandler-Gilbert

Estrella Mountain

GateWay

Glendale

Mesa

Paradise Valley

Phoenix

Rio Salado

Scottsdale

South Mountain



Chandler-Gilbert Community College

## Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2009





# **Comprehensive Annual Financial Report**

**Fiscal Year Ended June 30, 2009**

**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, 2009**

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# Introductory Section



www.maricopa.edu

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CHANCELLOR

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December 1, 2009

To the Citizens of Maricopa County:

I am pleased to present to you the 2009 Maricopa Community Colleges' Comprehensive Annual Financial Report. This is a report on the financial operations of our colleges and provides us with an opportunity to describe the progress we continue to make while educating approximately a quarter-million students each year. I trust that this report also demonstrates that we are responsible stewards of the funds that you, our taxpayers, entrust to us.

During 2009, the State of Arizona faced the full effects of the national economic downturn. The real estate market collapsed, many businesses closed or cut back their operations, and unemployment skyrocketed. As often happens when the economy declines, the people of Maricopa County turned to their community colleges as places where they could advance their education, either to move closer to a two- or four-year degree or to obtain training that could help them secure employment. It's only natural that residents look to us for job training, because the Maricopa Community Colleges are the largest providers of job training in Arizona. During the year, we forged strong partnerships both with the City of Phoenix and Maricopa County, so that our colleges can be the focus of job training programs financed by federal economic stimulus money. Indeed, whether talking about increasing the number of four-year degrees awarded in Arizona or improving our citizens' prospects for recareering, we view ourselves as a primary solution to the state's economic troubles.

I'm proud to report that the primary focus of our 10 colleges, two skill centers and satellite education centers continues to be teaching and learning. Increasing numbers of students choose to enroll at a Maricopa Community College to complete the basic educational requirements for university. And thanks to a new agreement with Arizona State University, it is easier than ever for many Maricopa students to get a sound educational foundation at one of our community colleges and transfer directly into the right program at ASU. The program is called the Maricopa to ASU Pathways Program, and it will provide students who complete specific academic requirements not only guaranteed admission to the ASU program of their choice, but potential financial benefits as well. The Maricopa Community Colleges already are ASU's largest transfer partner, and these changes only serve to make the transfer process more effective.

Despite the difficult economic situation facing Arizona, the District's economic outlook remains sound. Our financial stability continued during 2008-09, as the three major national bond rating agencies, Standard & Poor's Ratings Services, Moody's Investors Service and Fitch Ratings, continued to award us their highest "Triple A" ratings for the District's general obligation bonds.

The District continues to use funds from the 2004 bond initiative to expand facilities as needed. Given significant inflation experienced by the construction industry, we have used caution when committing to construction projects across the District while continuing to pursue the projects that will best serve our students.

This Comprehensive Annual Financial Report describes 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 2009 the District has served its taxpayers well and used its resources wisely.

Sincerely,

Rufus Glasper, Ph.D., CPA  
Chancellor





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CHANCELLOR

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December 1, 2009

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, 2009 (FY 2009).

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 oversee 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, Gilbert, and other smaller cities and towns in addition to 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, the County's population increased by 45% in the 10-year period between the official census dates of April 1990 and April 2000. Maricopa County is the fourth most populated county in the nation. As of July 2008, the Population Statistics Unit of the Arizona Department of Commerce estimated the County's population to be 3,987,942, which represents an increase of 30% from the official April 2000 census.

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

Maricopa 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 (74%) is employed in the service markets. These include trade, transportation and utilities; professional and business services; government; educational and health services; leisure and hospitality; and financial activities.

### **Types of Services**

The District is the largest single provider of post-secondary education in Arizona – offering affordable education to more than 261,000 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, 20% Hispanic, 6% African American, 4% Asian, 3% Native American and 9% 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 2008-09, approximately 26,000 undergraduates enrolled at the three state universities had transferred 12 or more credits from MCCC.

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

### **State and Local Economy**

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



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

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

According to the Arizona Department of Commerce Research Administration (Commerce), the Arizona economy is projected to experience negative employment growth in 2009 and 2010. Specifically, Arizona's non-farm jobs are forecasted to decrease by 6.8% in 2009 and .7% in 2010, which is slightly worse than the national level of job loss of 3.7% in 2009 and .5% in 2010. This translates into an estimated loss of more than 195,800 non-farm jobs over the two-year forecast period. As of August 2009, Arizona's seasonally adjusted unemployment rate had reached 9.1%. The bursting of the housing bubble and ensuing financial crisis caused substantial damage to Arizona's economy. Arizona has experienced significant economic decline including job losses, home price devaluation and rising home mortgage foreclosures. Population growth across the state is slowing as a result of the economic downturn. The state's slowed population growth has decreased anticipated demand for the goods and services of many of the state's major industries. Construction, which was a significant economic driver of Arizona employment during the housing boom in 2001-2006, is expected to see the greatest number of job losses during the 2009-2010 period with a reduction of 61,400 jobs, or a decline of 32.7%. As Arizona's economy starts to recover, Commerce projects nonfarm job growth will begin by the end of 2010, but the growth rates are forecast to be slow. Education and Health Services is the only sector expected to see job increases for both 2009 and 2010 with a gain of 6,500 jobs, or 2%. These projected increases are primarily in health care industries as a result of Arizona's aging population.

## **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 quality of service needed to respond to its customers.

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

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

### **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.

### **Financial Reporting**

An automated financial accounting system captures all financial transactions and provides data for the preparation of this CAFR, including the audited financial statements. These statements present information on the financial position of the District and confirm that resources were adequate to cover the costs of providing services during the reporting period. The District's award-winning CAFR is distributed to the Board 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

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

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 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 been expanded beyond the original five programs to more than twenty programs through degree-to-degree pathways. The NAU Connection partnership includes selected high demand baccalaureate degree programs offered on the site of all ten colleges. Both programs provide university transfer advisors onsite at the community colleges and other student benefits such as dedicated advising and 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 student-related 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 admissions and registration, student record keeping, evaluation of student progress, recruitment, and analysis of all the related student data. It gives students and faculty timely access to academic records and reports and facilitates better management of catalogues and class schedules. Additionally, student financial services such as awarding financial aid and managing student accounts and payments are enhanced with the new system. The new system also provides a broad range of this functionality on the web through direct self-service.

## **Major Initiatives** (continued)

### **2004 Capital Development Program**

As a result of the support of a referendum approved by 76% of voters in 2004, the Maricopa County Community Colleges embarked on a \$951 million capital program financed by General Obligation bonds. The Capital Development Program will provide the physical environment to support education and job training and to meet the needs of current and future community college students through new and improved institutional facilities and support spaces. 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. The major impact has been that numerous projects have been reduced in size and some projects have been canceled in order to fund higher priority projects. In 2008 and 2009 the construction inflation has dropped, but over the last five years it reduced the amount of building space that we could develop. District and College capital plans will be revised to optimize the use of bond funds in this new economic environment.

Since the inception of the 2004 Capital Development Program, twenty four building projects have been completed. These include four new science buildings, which added a total of 200,000 square feet and new technology at four different colleges including Mesa, Glendale, Paradise Valley, and Scottsdale. The Maricopa Community Colleges also continue to foster and develop partnerships. Funds from the 2004 General Obligation Bond Funds constructed the Rio Community on property owned by the City of Surprise, Arizona. Three Maricopa Community Colleges and two universities will combine to offer twenty-plus Bachelor's and Master's degree programs at the Rio Community Surprise. The following two buildings, which are funded by the 2004 G.O. bond, will also host partnerships: (a) the PVCC North-YMCA Community Center and (b) the SMCC Joint Library Building with the City of Phoenix.

There are also ten projects currently in construction which will add 200,000 new square feet of building space. Another ten projects, which are currently in project initiation, consultant selection, or in design, will add 290,000 square feet of space in the next few years. For future growth, the purchase of six parcels of land has added 230 acres. The purchase of seven existing buildings added 300,000 square feet of space, which is being gainfully used now.

### **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, 2008. This was the 18<sup>th</sup> consecutive year that the District has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal regulations.

**GFOA Certificate of Achievement** (continued)

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, 2008

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.



A handwritten signature in black ink, appearing to read "M. L. Post".

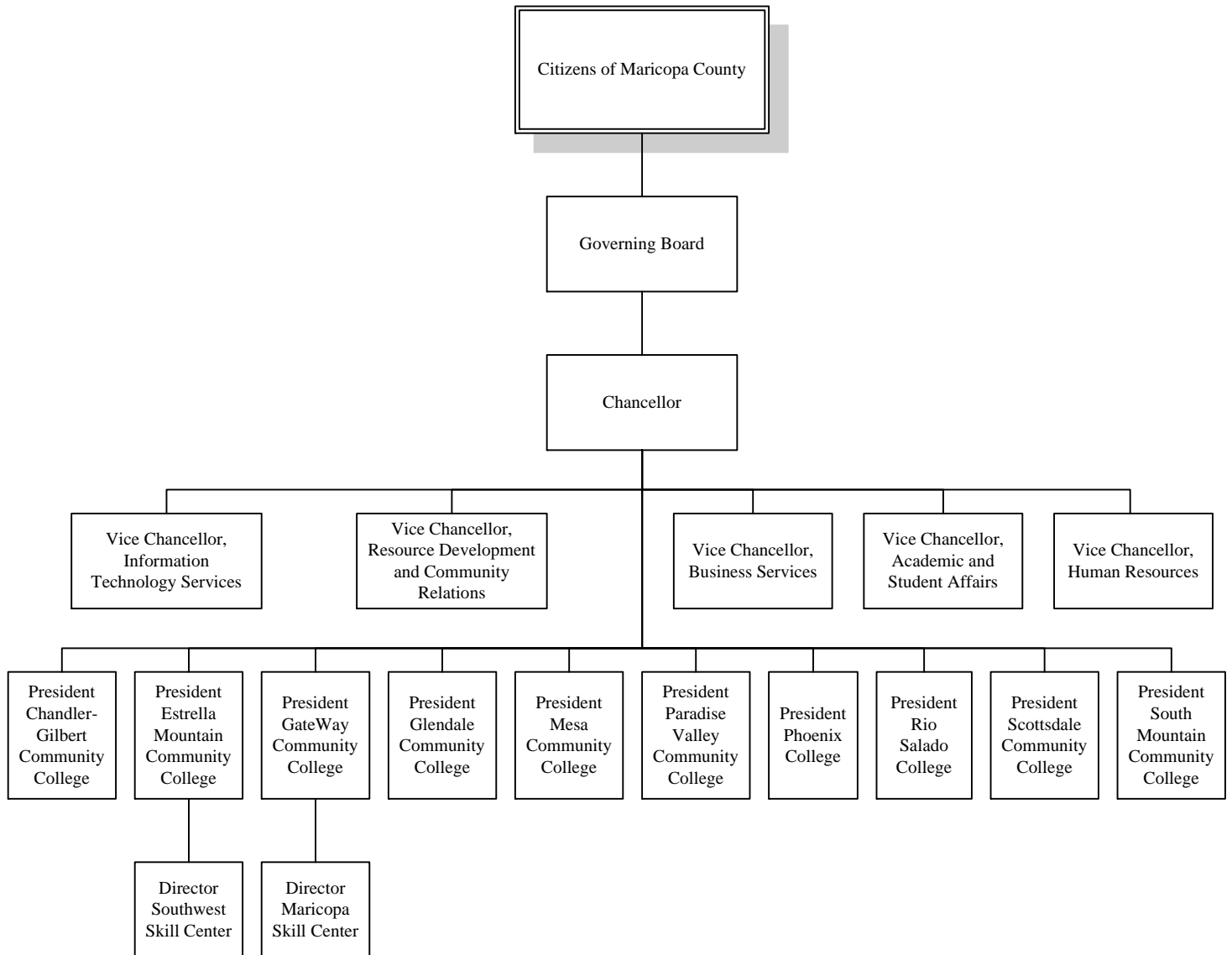
President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

# Maricopa County Community College District

## Organizational Chart



# Maricopa County Community College District

## Principal Officers

## Governing Board

Ms. Colleen Clark, *President*  
Mr. Randolph Lumm, *Secretary*  
Dr. Donald R. Campbell  
Mrs. Debra Pearson  
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. Linda Lujan, *Interim President, Chandler-Gilbert Community College (effective 7/1/09)*  
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*  
Dr. Anna Solley, *President, Phoenix College*  
Dr. Linda Thor, *President, Rio Salado College*  
Dr. Jan Gehler, *President, Scottsdale Community College*  
Dr. Kenneth Atwater, *President, South Mountain Community College*  
Dr. Sue Kater, *Interim Executive Director, Maricopa Skill Center (effective 7/13/09)*  
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.

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



# Financial Section



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

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

**WILLIAM THOMSON**  
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report**

Members of the Arizona State Legislature

The Governing Board of  
Maricopa County Community College District

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Maricopa County Community College District as of and for the year ended June 30, 2009, 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, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis on pages 17 through 24 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 1, 2009

**Maricopa County Community College District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2009**

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, 2009. 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, 2009. 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, 2009. 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, 2009. 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 2008-09 (FY 2009), comparative data is presented for the previous fiscal year 2007-08 (FY 2008). 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, 2009</i>	<i>As of June 30, 2008</i>
Current assets	\$379,600,725	\$331,286,358
Noncurrent assets, other than capital assets	438,764,410	319,844,151
Capital assets, net	621,794,001	525,072,036
<b>Total assets</b>	<b>1,440,159,136</b>	<b>1,176,202,545</b>
Other liabilities	78,629,967	65,985,126
Long-term liabilities	780,739,539	611,504,219
<b>Total liabilities</b>	<b>859,369,506</b>	<b>677,489,345</b>
Net assets:		
Invested in capital assets, net of related debt	150,334,028	129,636,967
Restricted net assets	192,368,779	169,675,257
Unrestricted net assets	238,086,823	199,400,976
<b>Total net assets</b>	<b>\$580,789,630</b>	<b>\$498,713,200</b>

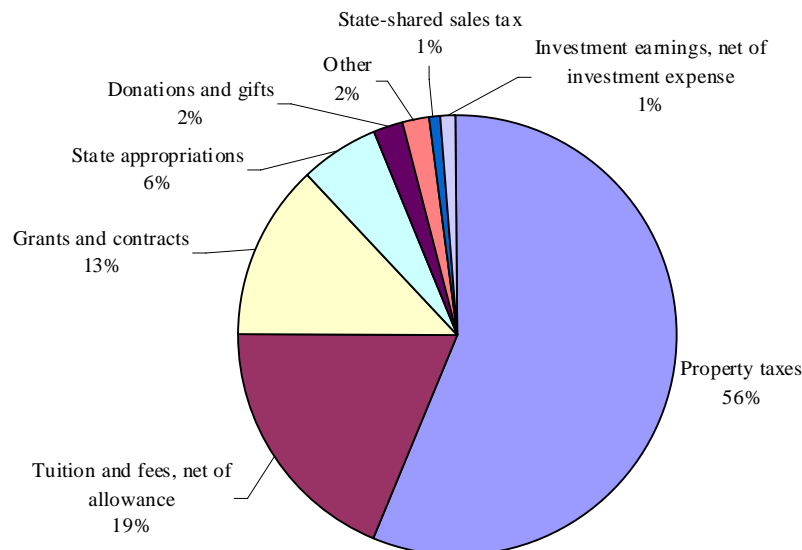
<i>Statement of Revenues, Expenses, and Changes in Net Assets</i>	<i>For the Year Ended June 30, 2009</i>	<i>For the Year Ended June 30, 2008</i>
Operating revenues	\$163,757,604	\$153,945,963
Operating expenses:		
Educational and general	589,578,926	553,491,843
Auxiliary enterprises	64,611,408	58,990,548
Depreciation	30,751,225	28,820,650
Other	948,362	601,007
Total operating expenses	685,889,921	641,904,048
Operating loss	(522,132,317)	(487,958,085)
Nonoperating revenues and expenses	603,969,848	556,835,875
Income before other revenues, expenses, gains, or losses	81,837,531	68,877,790
Other revenues, expenses, gains, or losses	238,899	11,958,638
Increase in net assets	82,076,430	80,836,428
Net assets, Beginning of year	498,713,200	417,876,772
<b>Net assets, End of year</b>	<b>\$580,789,630</b>	<b>\$498,713,200</b>

## Basic Financial Statements (continued)

The following schedule presents a summary and comparison of revenues for the fiscal years ended June 30, 2009 and June 30, 2008.

<i>Revenues by Source</i>	FY 2009		FY 2008		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	\$151,219,327	19%	\$141,086,037	19%	\$10,133,290	7%
Other operating revenues	12,538,277	2	12,859,926	2	(321,649)	(3)
Total operating revenues	<u>163,757,604</u>	<u>21</u>	<u>153,945,963</u>	<u>21</u>	<u>9,811,641</u>	<u>6</u>
<u>Nonoperating revenues</u>						
Property taxes	443,029,346	56	399,567,021	54	43,462,325	11
State appropriations	51,127,990	6	68,733,050	9	(17,605,060)	(26)
State-shared sales tax	7,233,376	1	8,945,863	1	(1,712,487)	(19)
Grants and contracts	103,549,433	13	78,439,152	10	25,110,281	32
Donations and gifts	13,964,331	2	14,026,373	2	(62,042)	-
Investment earnings, net of investment expense	8,193,560	1	23,089,419	3	(14,895,859)	(65)
Gain on sale/disposal of capital assets	474,367	-	-	-	474,367	100
Total nonoperating revenues	<u>627,572,403</u>	<u>79</u>	<u>592,800,878</u>	<u>79</u>	<u>34,771,525</u>	<u>6</u>
Total revenues	<u>\$791,330,007</u>	<u>100%</u>	<u>\$746,746,841</u>	<u>100%</u>	<u>\$44,583,166</u>	<u>6%</u>

**Revenues by Source FY 2009**



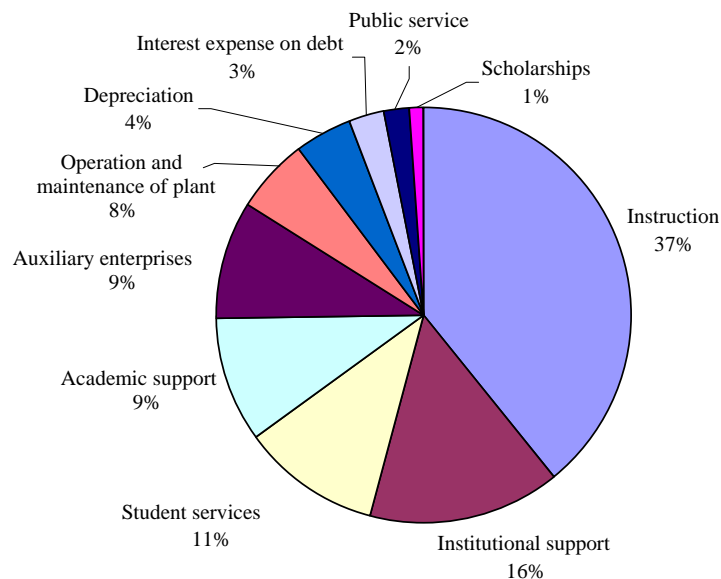


## Basic Financial Statements (continued)

The following schedule presents a summary and comparison of expenses for the fiscal years ended June 30, 2009 and June 30, 2008.

<i>Expenses by Function</i>	FY 2009		FY 2008		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	\$262,225,806	37%	\$252,671,157	38%	\$9,554,649	4%
Public service	15,179,889	2	13,776,191	2	1,403,698	10
Academic support	63,593,950	9	60,481,870	9	3,112,080	5
Student services	79,001,456	11	66,435,972	10	12,565,484	19
Institutional support	112,943,813	16	107,202,030	16	5,741,783	5
Operation and maintenance of plant	53,449,913	8	49,393,787	7	4,056,126	8
Scholarships	3,184,099	1	3,530,836	1	(346,737)	(10)
Auxiliary enterprises	64,611,408	9	58,990,548	9	5,620,860	10
Depreciation	30,751,225	4	28,820,650	4	1,930,575	7
Other	948,362	-	601,007	-	347,355	58
Total operating expenses	<u>685,889,921</u>	<u>97</u>	<u>641,904,048</u>	<u>96</u>	<u>43,985,873</u>	<u>7</u>
<u>Nonoperating expenses</u>						
Interest expense on debt	23,363,656	3	23,825,284	4	(461,628)	(2)
Loss on sale/disposal of capital assets	-	-	181,081	-	(181,081)	(100)
Total nonoperating expenses	<u>23,363,656</u>	<u>3</u>	<u>24,006,365</u>	<u>4</u>	<u>(642,709)</u>	<u>(3)</u>
Total expenses	<u>\$709,253,577</u>	<u>100%</u>	<u>\$665,910,413</u>	<u>100%</u>	<u>\$43,343,164</u>	<u>7</u>

### Expenses by Function FY 2009



## **Financial Highlights and Analysis**

### **Statement of Net Assets**

The District's overall financial position improved in FY 2009. Total Net Assets for the District grew by \$82.0 million from FY 2008 to FY 2009. Approximately \$38.7 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 (\$21.1 million) where funds have been set aside for payments on outstanding debt, in capital projects (\$5.8 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 (\$20.7 million) where the increase is primarily due to capital additions which were funded by non-debt resources. These increases in net assets were offset by a decrease of \$4.1 million in expendable grants and contracts primarily due to a reduction in the cumulative balance available for the Education 2000 sales-tax initiative program (Proposition 301).

Total assets increased \$264.0 million from FY 2008 to FY 2009. The majority of this increase is in non-current cash and cash equivalents resulting from the issuance of Series C of our 2004 bond program (\$220.0 million). Current and non-current receivables are higher over the prior year in various areas including property taxes and student accounts receivable (due to delays in collections) and government grants (due to American Recovery and Reinvestment Act funds not received by year end). Another change of interest is the shift of approximately \$96.7 million from current and non-current assets to capital assets, highlighting the progress of the District's capital program (see Notes to Financial Statements – Note 4 for additional details).

Total liabilities for the District increased by \$181.9 million. The primary reason for the increase is the issuance of Series C of the District's 2004 bond program in the amount of \$220.0 million. Overall, long-term and non-current liabilities experienced a smaller increase (\$169.2 million) due to debt service payments made in FY 2009. Additionally, accrued liabilities increased by approximately \$10.3 million primarily due to the timing of the final payroll for FY 2009.

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

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

Total revenue for the District increased by approximately \$44.6 million from FY 2008 to FY 2009. The following revenue sources make up a significant portion of this total increase.

- Increase of \$10.1 million in Tuition and Fees due to a \$6 per credit hour rise in tuition.
- Increase of \$43.5 million in Property Taxes due to the District maximizing its tax levy and new construction.
- Increase of \$25.1 million in Grants and Contracts primarily due to an increase in maximum award amounts for the Federal Pell grant program as well as American Recovery and Reinvestment Act funds received from the US Department of Education through the State of Arizona.
- Decreases in State Appropriations (\$17.6 million), State-shared Sales Tax (\$1.7 million), and Investment Earnings (\$14.9 million) offset some of the increases experienced in the other categories. These reductions were primarily due to the decline in the country's economic conditions.

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

Total expenses increased by \$43.3 million from FY 2008 to FY 2009. The following functional expenses comprise a significant portion of this total increase.

- Increase of \$9.6 million in Instruction  
This category included activities of the District's instruction programs, including expenses of credit and noncredit courses; academic, vocational, and technical instruction; remedial and tutorial instruction; and regular, special, and extension sessions. Increases were primarily due to additional faculty salaries (residential and adjunct) and related benefits in addition to an increase in instructional equipment.
- Increase of \$12.6 million in Student Services  
In addition to financial aid awarded to students, this category includes activities that contribute to the students' emotional and physical well being to promote intellectual, cultural, and social development outside the context of the formal classroom. Significant increases occurred in the areas of financial aid, salaries (including part-time wages) and related benefits, and non-capitalized equipment used in student services areas.
- Increase of \$5.7 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 salaries (including part-time wages) and related benefits. Additionally, the District recognized greater expenses related to student bad debt which brings the allowance in line with a projected increase in actual expenses related to FY 2009 activity. Also, the District recognized the expenses related to a retirement incentive offered to employees that met specific criteria (age and years of service).
- Increase of \$4.1 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.
- Increase of \$5.6 million in Auxiliary Enterprises  
This category includes expenses for programs characterized as self-supporting activities. The increase in this category is primarily due to increases in salaries (including part-time wages) and related benefits as well as an increase in internally-funded scholarships.

### **Capital Assets and Debt Administration**

The District's capital assets as of June 30, 2009, totaled \$621.8 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 more than 18%, primarily attributed to increased investment in buildings, construction, technology, and equipment. The District has approximately \$142.6 million in construction in progress, with an estimated cost to complete of approximately \$125.0 million. Additional information on capital assets can be found in Notes to Financial Statements – Note 4.

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

In April 2009, the District sold \$220.0 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 purchase 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 2011.

At year-end, the District's financial position remains strong, with adequate resources and reserves to meet all current obligations. In early March 2009, the District's general obligation bond debt issue ratings were reaffirmed as Aaa by Moody's Investors Service, AAA by Fitch, and AAA by Standard & Poor's. Reasons cited for the high ratings were a deep and diverse economic base; strong and conservative financial policies, planning, and management; sound financial position with solid reserves; and a moderately low and manageable debt burden. See Current Factors Having Probable Future Financial Significance for additional information on the state's economy.

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 2009, the District has set aside \$19.5 million in budget capacity for this purpose and will continue to increase this capacity as the Bond Program progresses.

The global economy is experiencing a severe downturn. With rising foreclosures, unemployment, business closures, bankruptcies, and declining sales, 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. In addition to the \$17.5 million cut for FY 2009 (a mid-year cut of \$4.3 million was imposed in January 2009 to be effective immediately), the state cut \$5.8 million of the District's fiscal year 2009-10 (FY 2010) operational appropriation and approximately another \$1.5 million cut is expected to go into effect for fiscal year 2010-11 (FY 2011). The state is also considering additional mid-year cuts for FY 2010. All state appropriation reductions have been addressed with permanent budget reductions.

The state projects a revenue shortfall of \$2 billion in FY 2010. 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 will continue to take precautions. In order to address these anticipated changes, the District implemented a permanent 1% cut for FY 2009 and an additional 1% cut in FY 2010. 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

## **Current Factors Having Probable Future Financial Significance** (continued)

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. 14<sup>th</sup> Street; Tempe, AZ 85281.

**Maricopa County Community College District  
Statement of Net Assets – Primary Government  
June 30, 2009**

	<b>Business-Type Activities</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 325,856,518
Investments	53,663
Receivables (net of allowance of \$8,055,543)	50,344,896
Other	3,345,648
Total current assets	379,600,725
Noncurrent assets:	
Receivables (net of allowance of \$670,637)	256,863
Other	5,947,554
Restricted assets:	
Cash and cash equivalents	423,134,838
Receivables (net of allowance of \$588,770)	3,579,337
Other	5,845,818
Capital assets, not being depreciated	198,641,131
Depreciable capital assets, net of depreciation	423,152,870
Total noncurrent assets	1,060,558,411
Total assets	1,440,159,136
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	20,372,213
Accrued liabilities	35,367,189
Deposits held in custody for others	1,151,124
Interest payable	13,166,831
Deferred revenues	8,572,610
Long-term liabilities - current portion	79,849,650
Total current liabilities	158,479,617
Noncurrent liabilities:	
Total liabilities	700,889,889
Total liabilities	859,369,506
<b>Net Assets</b>	
Invested in capital assets, net of related debt	150,334,028
Restricted:	
Nonexpendable:	
Endowments	219,779
Student loans	360,287
Expendable:	
Scholarships	1,550,976
Grants and contracts	16,904,567
Student loans	73,046
Debt service	82,335,380
Capital projects	90,924,744
Unrestricted	238,086,823
Total net assets	\$ 580,789,630

See accompanying notes to financial statements.

**Maricopa County Community College District**  
**Statement of Financial Position – Component Unit**  
**June 30, 2009**

<b>Assets</b>	<u><b>Maricopa County Community College District Foundation</b></u>
Current assets:	
Cash and cash equivalents	\$ 355,726
Pledges receivable, net	409,136
Total current assets	<u>764,862</u>
Pledges receivable, net of current portion, discount and allowance	176,838
Investments	18,386,466
Cash surrender value of life insurance	513,729
Cash held for endowment purposes	771,579
Beneficial interest in charitable remainder unitrust	58,477
Other assets	2,300
Total assets	<u><u>\$ 20,674,251</u></u>
<b>Liabilities and Net Assets</b>	
Current liabilities:	
Accounts payable	\$ 442,399
Charitable gift annuity liability	219,107
Total liabilities	<u>661,506</u>
Net assets (deficit):	
Unrestricted	(126,008)
Temporarily restricted	6,011,234
Permanently restricted	14,127,519
Total net assets	<u>20,012,745</u>
Total liabilities and net assets	<u><u>\$ 20,674,251</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, 2009**

	<b>Business-Type Activities</b>
Operating revenues:	
Tuition and fees (net of scholarship allowance of \$44,981,021)	\$ 151,219,327
Other	12,538,277
Total operating revenues	163,757,604
Operating expenses:	
Educational and general:	
Instruction	262,225,806
Public service	15,179,889
Academic support	63,593,950
Student services	79,001,456
Institutional support	112,943,813
Operation and maintenance of plant	53,449,913
Scholarships	3,184,099
Auxiliary enterprises	64,611,408
Depreciation	30,751,225
Other	948,362
Total operating expenses	685,889,921
Operating loss	(522,132,317)
Nonoperating revenues (expenses):	
Property taxes	443,029,346
State appropriations	51,127,990
State-shared sales tax	7,233,376
Government grants and contracts	99,707,719
Private grants and contracts	3,841,714
Private gifts	13,725,432
Investment earnings, net of investment expense	8,193,560
Interest expense on debt	(23,363,656)
Gain on sale/disposal of capital assets	474,367
Total nonoperating revenues	603,969,848
Income before other revenues, expenses, gains, or losses	81,837,531
Capital grants and gifts	238,899
Increase in net assets	82,076,430
Total net assets, July 1, 2008	498,713,200
Total net assets, June 30, 2009	\$ 580,789,630

See accompanying notes to financial statements.



**Maricopa County Community College District  
Statement of Activities – Component Unit  
For the Year Ended June 30, 2009**

	<u>Maricopa County Community College District Foundation</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenue:				
Contributions	\$ -	\$ 2,251,746	\$ 1,604,464	\$ 3,856,210
Contributed services	214,700	-	-	214,700
Investment return (loss)	(436,776)	(1,195,908)	-	(1,632,684)
Increase in cash surrender value of life insurance	-	-	36,000	36,000
Total support and revenue before special events and net assets released from restrictions	<u>(222,076)</u>	<u>1,055,838</u>	<u>1,640,464</u>	<u>2,474,226</u>
Special events revenue	-	236,340	-	236,340
Less cost of direct donor benefits	-	(89,811)	-	(89,811)
Gross profit from special events	<u>-</u>	<u>146,529</u>	<u>-</u>	<u>146,529</u>
Net assets released from restrictions	<u>4,223,894</u>	<u>(4,223,894)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>4,001,818</u>	<u>(3,021,527)</u>	<u>1,640,464</u>	<u>2,620,755</u>
Expenses:				
Program expenses				
Scholarships and program support	<u>4,169,468</u>	<u>-</u>	<u>-</u>	<u>4,169,468</u>
Supporting services				
General and administrative	<u>419,252</u>	<u>-</u>	<u>-</u>	<u>419,252</u>
Total expenses	<u>4,588,720</u>	<u>-</u>	<u>-</u>	<u>4,588,720</u>
Change in net assets	(586,902)	(3,021,527)	1,640,464	(1,967,965)
Net assets reclassified upon adoption of FSP FAS 117-1	-	2,504,958	(2,504,958)	-
Net assets, beginning of year	<u>460,894</u>	<u>6,527,803</u>	<u>14,992,013</u>	<u>21,980,710</u>
Net assets (deficit), end of year	<u>\$ (126,008)</u>	<u>\$ 6,011,234</u>	<u>\$ 14,127,519</u>	<u>\$ 20,012,745</u>

See accompanying notes to financial statements.

**Maricopa County Community College District  
Statement of Cash Flows – Primary Government  
For the Year Ended June 30, 2009**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>Business-Type Activities</b>
Tuition and fees	\$ 151,348,185
Payments to employees	(466,314,383)
Payments to providers of goods and services	(137,642,110)
Payments to students for grants and scholarships	(46,069,422)
Other receipts	11,230,301
Net cash used for operating activities	(487,447,429)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Property taxes	438,847,613
State appropriations	51,127,990
State-shared sales tax	7,284,760
Grants and contracts	86,426,509
Federal student loans received	118,562,862
Federal student loans disbursed	(118,562,862)
Deposits held by others received	1,536,572
Deposits held by others disbursed	(1,557,993)
Gifts received for other than operating or capital purposes	13,725,433
Net cash provided by noncapital financing activities	597,390,884
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from issuance of bonds	224,284,079
Proceeds from sale of capital assets	876,561
Purchase of capital assets	(127,698,116)
Principal paid on capital debt and leases	(55,949,585)
Interest paid on capital debt and leases	(22,953,168)
Net cash provided by capital and related financing activities	18,559,771
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sales and maturities of investments	201,000,000
Interest received on investments	9,067,160
Net cash provided by investing activities	210,067,160
Net increase in cash and cash equivalents	338,570,386
Cash and cash equivalents - beginning of year	410,420,970
Cash and cash equivalents - end of year	\$ 748,991,356

(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	\$ (522,132,317)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation expense	30,751,225
Provision for uncollectible accounts	2,632,973
Expenses (related to revenue) for donations of non-capitalized items	61,633
Changes in assets and liabilities:	
Increase in:	
Receivables	(6,302,566)
Other assets	(6,751,589)
Accounts payable	2,070,495
Accrued liabilities	10,380,540
Long-term liabilities - Compensated absences	1,615,819
Deferred revenues	128,858
Decrease in:	
Student loans receivable	97,500
Net cash used for operating activities	<u>\$ (487,447,429)</u>

**Noncash transactions:**

**Decrease in fair value of investments.** The fair value of investments decreased by \$16,236.

**Capital asset trade-ins.** \$873,273 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 \$238,900.

**Amortization of prepaid bond issuance costs.** The District amortized \$538,119 of prepaid bond issuance costs.

**Amortization of premium on bonds and deferred charges.** The District amortized \$1,697,873 of bond premiums and (\$982,880) of deferred charges.

**Rebatable arbitrage liability.** The rebatable arbitrage liability decreased \$3,478,869 for the year ended June 30, 2009.

**Increase in claims payable.** The estimate of claims payable for health benefits and workers' compensation increased by \$448,655 between fiscal year 2008 and fiscal year 2009 (reported as accrued liability on the Statement of Net Assets).

**Decrease in contingent losses.** The estimate of the payable for contingent losses decreased by \$414,000 between fiscal year 2008 and fiscal year 2009 (reported as accrued liability on the Statement of Net Assets).

**Amortization of prepaid rent.** The District recorded amortization of \$232,894 for use of the Glendale and Phoenix fire science facility.

See accompanying notes to financial statements.

**Maricopa County Community College District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2009**

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

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

For the year ended June 30, 2009, the District implemented the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. GASB Statement No. 49 establishes standards for accounting and financial reporting, including note disclosure requirements, for pollution remediation obligations. However, there was no pollution remediation obligation to report or disclose at June 30, 2008 or June 30, 2009.

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

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

For financial reporting purposes, the Foundation follows Financial Accounting Standards Board (FASB) statements for not-for-profit organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information included in the District's financial report. Accordingly, those financial statements have been reported on separate pages following the respective counterpart financial statements of the District. For financial reporting purposes, only the Foundation's statements of financial position and activities 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, 2009, the Foundation distributed \$4,169,468 to the District for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Foundation Office at 2419 W. 14<sup>th</sup> Street, Tempe, AZ 85281.

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

**Basis of Presentation and Accounting** - The financial statements include a statement of net 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 the District's 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. Internal transactions and activities, such as transfers between funds, revenues and expenses recorded for internal service activities, and certain internal revenues and expenses recorded for grant activity, have been eliminated for financial statement purposes.

The statement of revenues, expenses, and changes in net 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 revenue in the year in which the appropriation is first made available for use. Grants and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

The District follows 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.

**Cash and Cash Equivalents** – For the statement of cash flows, cash and cash equivalents include cash on hand, cash in the bank, cash and investments held by the County Treasurer, 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:

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

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

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

**Investment Earnings** - Investment earnings are 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, 2009, total cash on hand was \$228,582. The carrying amount of bank deposits on the District's accounting system was \$210,073,232. At June 30, 2009, the District's bank balance was \$219,236,233. In October 2008, the Federal Deposit Insurance Corporation (FDIC) authorized the Temporary Liquidity Guarantee Program (TLGP) to assist in the stabilization of the nation's financial system. Under the Transaction Account Guarantee, a component of the TLGP, the FDIC guarantees all funds held in qualifying non-interest-bearing transaction accounts at participating insured depository institutions. As of June 30, 2009, the cash in bank balance was fully insured by the FDIC. The District does not have a formal policy with respect to custodial credit risk.

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

**Investments**

The District's investments at June 30, 2009 consist of the following:

<u>Investment Type</u>	<u>Amount</u>
State Treasurer's investment pools	\$501,557,857
County Treasurer's investment pool	5,162,958
Money market mutual fund	31,968,727
Mutual funds – equity	53,663
Total	<u><u>\$538,743,205</u></u>

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, 2009, credit risk for the District's investments were as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
State Treasurer's investment pools	Unrated	Not applicable	\$501,557,857
County Treasurer's investment pool	Unrated	Not applicable	5,162,958
Money market mutual fund	Aaa	Moody's	31,968,727
Total			<u><u>\$538,689,542</u></u>

**Concentration of Credit Risk** - The District does not have a formal policy with respect to concentration of credit risk.

**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, 2009, the District had the following investments in debt securities:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (Months)</u>
State Treasurer's investment pool 7	501,557,857	0.39
County Treasurer's investment pool	5,162,958	18.23
Money market mutual fund	31,968,727	1.57
Total	<u><u>\$538,689,542</u></u>	

The District's portfolio weighted average maturity is .63 months.



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

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	\$ 228,582	Cash and cash equivalents	\$325,856,518
Deposits	210,073,232	Investments	53,663
Investments	538,743,205	Restricted assets:	
		Cash and cash equivalents	<u>423,134,838</u>
Total	<u>\$749,045,019</u>	Total	<u>\$749,045,019</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 \$2,872,278)	\$ 11,732,413
Government grants	22,604,831
Private grants and contracts (net of allowance of \$136,456)	4,462,082
Student accounts (net of allowance of \$4,972,285)	9,712,189
Other (net of allowance of \$74,524)	<u>1,833,381</u>
Total current receivables	<u>\$ 50,344,896</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 County and are payable in two equal installments. The first installment is due on October first and becomes delinquent after the first business day of November. The second installment is due on March first of the following year and becomes delinquent after the first business day in May. A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy. Property taxes receivable consist of uncollected property taxes as determined from the records of the Maricopa County Treasurer's Office.

**NOTE 4 - Capital Assets**

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

	<u>Balance July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2009</u>
<b>Capital assets not being depreciated:</b>				
Land	\$ 56,232,478	\$ -	\$ 181,762	\$ 56,050,716
Construction in progress	105,823,340	114,971,963	78,204,888	142,590,415
Total capital assets not being depreciated	<u>162,055,818</u>	<u>114,971,963</u>	<u>78,386,650</u>	<u>198,641,131</u>
<b>Capital assets being depreciated:</b>				
Buildings	487,908,977	71,043,794	425,308	558,527,463
Equipment	103,663,156	10,641,375	6,153,196	108,151,335
Improvements other than buildings	65,123,586	9,530,489	-	74,654,075
Library books	12,997,215	765,924	853,306	12,909,833
Total capital assets being depreciated	<u>669,692,934</u>	<u>91,981,582</u>	<u>7,431,810</u>	<u>754,242,706</u>
Less accumulated depreciation for:				
Buildings	198,714,024	16,748,402	384,099	215,078,327
Equipment	70,892,872	10,282,211	5,954,006	75,221,077
Improvements other than buildings	28,722,254	3,252,572	-	31,974,826
Library books	8,347,566	468,040	-	8,815,606
Total accumulated depreciation	<u>306,676,716</u>	<u>30,751,225</u>	<u>6,338,105</u>	<u>331,089,836</u>
Total capital assets being depreciated, net	<u>363,016,218</u>	<u>61,230,357</u>	<u>1,093,705</u>	<u>423,152,870</u>
Capital assets, net	<u>\$ 525,072,036</u>	<u>\$ 176,202,320</u>	<u>\$ 79,480,355</u>	<u>\$ 621,794,001</u>

The District has active construction projects with a remaining contractual commitment at June 30, 2009 of \$45,595,617. 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, 2009.

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2009</u>	<u>Due within one year</u>
Bonds payable:					
General obligation bonds	\$ 557,390,000	\$ 220,000,000	\$ 50,000,000	\$ 727,390,000	\$ 74,350,000
Revenue bonds	18,300,000	-	2,395,000	15,905,000	1,905,000
Premium on general obligation bonds	7,141,834	4,284,079	1,679,588	9,746,325	1,679,588
Premium on revenue bonds	261,523	-	18,285	243,238	18,285
Deferred charges on refunding	(3,545,825)	-	(982,880)	(2,562,945)	(982,880)
Capital leases	211,232	-	75,716	135,516	20,303
Rebatable arbitrage earnings	4,613,347	-	3,478,869	1,134,478	1,134,478
Compensated absences	27,132,108	3,458,687	1,842,868	28,747,927	1,724,876
Total long-term liabilities	<u>\$ 611,504,219</u>	<u>\$227,742,766</u>	<u>\$58,507,446</u>	<u>\$ 780,739,539</u>	<u>\$ 79,849,650</u>

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

**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, \$301,093,000 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, 2009, were as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
General obligation bonds				
Project of 1994, Series C (1999)	\$104,250,000	7/01/2009-15	3.25-5.00%	\$ 37,785,000
Refunding, Series A (1998)	65,145,000	7/01/2009	4.25%	8,240,000
Refunding, Series A&B (2002)	48,605,000	7/01/2009-11	5.00-5.25%	37,765,000
Refunding, Series A&B (2004)	66,610,000	7/01/2009-13	2.38-5.00%	61,330,000
Project of 2004, Series A (2005)	190,270,000	7/01/2009-19	4.00-4.50%	137,270,000
Project of 2004, Series B (2007)	240,000,000	7/01/2009-21	3.00-4.50%	225,000,000
Project of 2004, Series C (2009)	220,000,000	7/01/2010-23	3.00-5.00%	220,000,000
Revenue bonds				
Revenue Bonds, Series 1998	6,000,000	7/15/2009-10	4.60-4.70%	1,260,000
Revenue Bonds, Series 2002	14,480,000	7/15/2009-22	3.65-4.63%	7,725,000
Revenue Bonds, Series 2003	7,655,000	7/15/2009-23	3.00-5.00%	6,920,000
			Total	<u>\$ 743,295,000</u>

The following schedule details debt service requirements to maturity for the District's bonds payable at June 30, 2009.

Year Ending June 30:	<u>General Obligation Bonds</u>		<u>Revenue Bonds</u>		<u>Total Debt Service Requirements</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2010	\$ 74,350,000	\$ 26,124,998	\$ 1,905,000	\$ 649,415	\$ 103,029,413
2011	64,715,000	25,584,317	1,415,000	580,081	92,294,398
2012	66,600,000	22,828,851	795,000	533,980	90,757,831
2013	53,265,000	20,048,714	830,000	501,418	74,645,132
2014	53,335,000	17,798,077	855,000	468,496	72,456,573
2015-2019	245,465,000	58,470,687	4,805,000	1,795,795	310,536,482
2020-2024	169,660,000	11,899,944	5,300,000	600,760	187,460,704
Total	<u>\$ 727,390,000</u>	<u>\$ 182,755,588</u>	<u>\$ 15,905,000</u>	<u>\$ 5,129,945</u>	<u>\$ 931,180,533</u>

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

### **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 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.

#### **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.

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

**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.

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

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

**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 \$21,034,945 with annual requirements ranging from \$2,554,415 in fiscal year 2010 to \$656,000 in fiscal year 2024, the final year. Tuition revenue, from which the designations will be made, has averaged

**NOTE 6 – Pledges of Future Revenues** (continued)

approximately \$126,000,000 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 \$3,123,534 and \$151,219,327, 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	\$ 476,551,295
Contract services	51,283,276
Financial aid	44,664,890
Depreciation	30,751,225
Noncapitalized equipment	29,393,052
Communications, utilities, and travel	20,826,487
Supplies and materials	16,672,768
Subscriptions, dues, insurance, and rentals	9,801,940
Other expenses	5,944,988
Total operating expenses	<u>\$ 685,889,921</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 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, 2009, active plan members were required by statute to contribute at the actuarially determined rate of 9.45 percent (8.95 percent retirement and 0.5 percent long-term disability) of the members’ annual covered payroll and the District was required by statute to contribute at the actuarially determined rate of 9.45 percent (7.99 percent for retirement, 0.96 percent for health insurance premium, and 0.5 percent long-term disability) of the members’ annual covered payroll.

**NOTE 8 – Pension and Other Postemployment Benefits** (continued)

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

Years ended June 30,	<u>Retirement Fund</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
2009	\$ 25,093,341	\$ 3,014,970	\$ 1,568,963
2008	24,032,139	3,134,627	1,492,679
2007	21,994,969	3,058,903	1,456,620

**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 \$300,000 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 workers’ compensation claims up to \$350,000 and purchases commercial insurance for claims exceeding \$350,000. Settled claims for workers’ compensation and health benefits have not exceeded the District’s commercial insurance coverage in any of the past three fiscal years.

The insurance claims payable liability of \$5,076,048 at June 30, 2009, includes the amounts payable for both health benefits and workers’ 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. The District’s claims payable for the fiscal years ended June 30, 2008 and June 30, 2009 are as follows:

	<u>2008</u>	<u>2009</u>
Claims payable, beginning of year	\$ 4,629,310	\$ 4,627,393
Current year actual and estimated claims	29,716,970	33,439,383
Less: Claim payments	<u>29,718,887</u>	<u>32,990,728</u>
Claims payable, end of year	<u>\$ 4,627,393</u>	<u>\$ 5,076,048</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 \$310,000. This amount has been recognized as an expense and is included

**NOTE 10 - Contingencies and Litigation** (continued)

in accrued liabilities in the Statement of Net Assets. Other reasonably possible claims have been estimated to be \$230,000. 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 - Discretely Presented Component Unit Disclosures**

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

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

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

**Basis of presentation** - The financial statements are presented in accordance with 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.

Unrestricted contributions are distributed as scholarships, as designated by the Board of Directors of the Foundation, or used to further the objectives of the Foundation and to secure current or future endowments through fundraising activities and programs. Temporarily restricted contributions are distributed according to donor specification, generally as scholarships to attendees of Maricopa County Community Colleges or to support programs and projects to advance these colleges. Permanently restricted contributions require the principal be invested in perpetuity; the distributable income from the related investment is reflected as temporarily restricted in the statement of activities as specified by the donor.



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

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

**Management Fees** – During 2009, the Foundation instituted a management fee to defray part of the cost of managing restricted accounts held by the Foundation. Beginning January 1, 2009, a 1% fee will be charged on all new gifts, except endowment gifts. On January 1<sup>st</sup> of each year, an investment management fee of 75 basis points will be charged on all accounts. This fee will not be charged to endowment funds, if doing so would reduce the fund below its corpus.

**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 11 b - Investments**

Investments consist of the following:

Equity securities	\$ 7,545,552
Corporate bonds	6,061,783
Government securities	<u>4,779,131</u>
Total investments	<u>\$18,386,466</u>

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividends	\$ 332,318	\$ 417,971	\$ -	\$ 750,289
Net realized and unrealized gains (losses)	(744,228)	(1,568,559)	-	(2,312,787)
Brokerage fees	<u>(24,866)</u>	<u>(45,320)</u>	<u>-</u>	<u>(70,186)</u>
Total	<u>\$ (436,776)</u>	<u>\$ (1,195,908)</u>	<u>\$ -</u>	<u>\$ (1,632,684)</u>

## **NOTE 11 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 11f – Endowments).

## **NOTE 11 d - Contributed Services**

The 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.

## **NOTE 11 e – Fair Value Measurements**

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (“SFAS”) No. 157, *Fair Value Measurements*. SFAS No. 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under SFAS No. 157 are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

**NOTE 11 e – Fair Value Measurements** (continued)

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following table sets forth by level, within the fair value hierarchy, the Foundation's financial instruments at fair value as of June 30, 2009.

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equity securities	\$ 7,545,552	\$ -	\$ 7,545,552
Corporate bonds	6,061,783	-	6,061,783
Government securities	4,779,131	-	4,779,131
Beneficial interest in charitable remainder unitrust	-	58,477	58,477
Total investments at fair value	<u>\$ 18,386,466</u>	<u>\$ 58,477</u>	<u>\$ 18,444,943</u>

The Foundation currently has no other financial instruments subject to fair value measurement on a recurring basis.

**NOTE 11 f – Endowments**

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

The State of Arizona enacted a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) in 2008. The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the

**NOTE 11 f – Endowments** (continued)

Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

In August 2008, the FASB issued FSP FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*. Consistent with FSP FAS 117-1, the change in law prompted a change in the net asset classification of the Foundation's endowments as of the beginning of 2009, which does not include pledges receivable that are outstanding.

The changes in endowment net assets for the year ended June 30, 2009 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2008	\$ -	\$ -	\$ 14,147,335	\$ 14,147,335
Net assets reclassified upon adoption of FSP FAS 117-1	-	2,504,958	(2,504,958)	-
Contributions and pledge collections	-	-	1,427,843	1,427,843
Investment return:				
Interest and dividends	-	417,971	-	417,971
Realized and unrealized losses	(808,949)	(1,545,411)	-	(2,354,360)
Appropriation of endowment assets for expenditure	-	(340,690)	-	(340,690)
Endowment net assets, June 30, 2009	<u>\$ (808,949)</u>	<u>\$ 1,036,828</u>	<u>\$ 13,070,220</u>	<u>\$ 13,298,099</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$808,949 as of June 30, 2009. These deficiencies resulted from unfavorable market fluctuations.

**NOTE 11 f – Endowments** (continued)

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

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

The Foundation's policy is to distribute, for the stated purpose of each fund, 5% of a three-year average of the market value of each endowed fund that is above the original contributed amount as calculated at the end of each year. For funds that are below the original contributed amount, 3% of the three-year average at the end of the year will be eligible for disbursement. Actual investment earnings, in excess of (or less than) distribution, are added to (subtracted from) the endowment principal and available for future disbursement. If these amounts 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, 2009, earnings of \$605,500 were eligible to be distributed. For the year ended June 30, 2009, \$295,370 was distributed and is included in appropriation of endowment assets for expenditure above. The unused funds of \$310,130 were transferred back to the endowment funds to be used for future disbursement.

# 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, 2009**

	<u>Phoenix College</u>	<u>Glendale Community College</u>	<u>GateWay Community College</u>	<u>Mesa Community College</u>	<u>Scottsdale Community College</u>
<b>Operating revenues:</b>					
Tuition and fees, net of scholarship allowance	\$ 10,776,319	\$ 18,809,311	\$ 9,708,585	\$ 27,909,601	\$ 14,120,441
Other	562,064	557,997	1,015,711	1,557,722	1,608,810
Total operating revenues	<u>11,338,383</u>	<u>19,367,308</u>	<u>10,724,296</u>	<u>29,467,323</u>	<u>15,729,251</u>
<b>Operating expenses:</b>					
Educational and general:					
Instruction	25,326,953	43,479,321	18,138,278	55,250,337	27,290,818
Public service	453,028	947,974	430,092	1,143,853	291,643
Academic support	6,881,598	8,499,465	3,309,163	9,213,546	4,870,570
Student services	9,224,170	12,075,744	5,856,313	14,084,753	5,746,132
Institutional support	8,227,336	6,705,975	5,528,116	13,599,144	4,671,577
Operation and maintenance of plant	6,768,533	8,246,463	2,893,505	8,280,536	5,403,542
Scholarships	547,319	356,545	40,406	839,524	247,556
Auxiliary enterprises	3,337,359	6,022,547	9,867,079	8,327,811	5,974,090
Depreciation	2,434,735	3,815,852	2,149,651	4,128,290	2,452,950
Other	-	-	10,816	32,383	21,935
Total operating expenses	<u>63,201,031</u>	<u>90,149,886</u>	<u>48,223,419</u>	<u>114,900,177</u>	<u>56,970,813</u>
Operating loss	(51,862,648)	(70,782,578)	(37,499,123)	(85,432,854)	(41,241,562)
<b>Nonoperating revenues (expenses):</b>					
Property taxes	36,937,028	58,758,206	26,008,226	76,520,491	33,409,366
State appropriations	4,311,296	7,648,886	3,331,754	10,069,659	4,300,356
State-shared sales tax	28,525	-	80,400	-	-
Government grants and contracts	9,085,576	11,643,235	6,916,838	15,345,553	4,149,553
Private grants and contracts	103,682	564,041	906,265	212,231	157,760
Private gifts	1,422,620	826,287	295,843	1,892,764	688,226
Investment earnings, net of investment expense	(14,335)	(454)	42	134	35
Interest expense on debt	-	-	-	-	(6,587)
Loss on sale/disposal of capital assets	(11,744)	(161,761)	(22,556)	(3,971)	-
Total nonoperating revenues and expenses	<u>51,862,648</u>	<u>79,278,440</u>	<u>37,516,812</u>	<u>104,036,861</u>	<u>42,698,709</u>
Income (loss) before other revenues, expenses, gains, or losses	-	8,495,862	17,689	18,604,007	1,457,147
Capital grants and gifts	-	41,149	29,166	32,383	21,935
Increase in net assets	<u>-</u>	<u>8,537,011</u>	<u>46,855</u>	<u>18,636,390</u>	<u>1,479,082</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>
\$ 25,882,232	\$ 3,409,219	\$ 11,265,536	\$ 9,965,092	\$ 6,469,158	\$ 12,903,833	\$ 151,219,327
806,372	218,559	362,924	516,173	371,075	4,960,870	12,538,277
<u>26,688,604</u>	<u>3,627,778</u>	<u>11,628,460</u>	<u>10,481,265</u>	<u>6,840,233</u>	<u>17,864,703</u>	<u>163,757,604</u>
27,497,262	11,474,931	19,142,810	18,688,834	13,134,057	2,802,205	262,225,806
6,764,366	259,591	383,817	145,013	346,582	4,013,930	15,179,889
10,181,853	4,422,906	4,974,320	3,729,400	2,751,109	4,760,020	63,593,950
8,794,382	5,369,223	5,158,309	5,063,753	4,860,047	2,768,630	79,001,456
9,390,631	2,785,391	6,356,544	3,747,162	4,503,546	47,428,391	112,943,813
2,445,188	2,120,486	6,134,204	5,697,171	5,061,903	398,382	53,449,913
182,568	165,991	317,888	94,378	110,431	281,493	3,184,099
12,416,739	2,069,190	2,226,408	3,457,522	5,202,398	5,710,265	64,611,408
2,182,905	1,322,686	2,396,855	2,495,963	2,078,549	5,292,789	30,751,225
449	26,653	56,490	5,675	-	793,961	948,362
<u>79,856,343</u>	<u>30,017,048</u>	<u>47,147,645</u>	<u>43,124,871</u>	<u>38,048,622</u>	<u>74,250,066</u>	<u>685,889,921</u>
(53,167,739)	(26,389,270)	(35,519,185)	(32,643,606)	(31,208,389)	(56,385,363)	(522,132,317)
68,199,920	18,174,069	31,699,645	27,123,380	22,364,261	43,834,754	443,029,346
9,378,947	1,641,808	4,140,624	3,519,932	2,784,728	-	51,127,990
-	-	-	-	-	7,124,451	7,233,376
13,244,109	5,833,497	3,856,271	4,140,159	5,555,504	19,937,424	99,707,719
748,690	130,802	105,175	37,308	255,949	619,811	3,841,714
6,224,620	582,441	1,220,989	279,532	258,636	33,474	13,725,432
(22,190)	-	33	-	-	8,230,295	8,193,560
-	-	(2,592)	-	-	(23,354,477)	(23,363,656)
-	-	-	725,457	(10,689)	(40,369)	474,367
<u>97,774,096</u>	<u>26,362,617</u>	<u>41,020,145</u>	<u>35,825,768</u>	<u>31,208,389</u>	<u>56,385,363</u>	<u>603,969,848</u>
44,606,357	(26,653)	5,500,960	3,182,162	-	-	81,837,531
449	26,653	81,489	5,675	-	-	238,899
<u>44,606,806</u>	<u>-</u>	<u>5,582,449</u>	<u>3,187,837</u>	<u>-</u>	<u>-</u>	<u>82,076,430</u>
						498,713,200
						\$ <u>580,789,630</u>
						Net assets - July 1, 2008
						Total net assets - June 30, 2009



**Maricopa County Community College District**  
**Notes to Supplemental Information**  
**For the Year Ended June 30, 2009**

**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, 2009, 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 Eight Fiscal Years**  
**(Dollars in Thousands)**

	<b>Fiscal Year</b>			
	<b>2008-09</b>	<b>2007-08</b>	<b>2006-07</b>	<b>2005-06</b>
Invested in capital assets, net of related debt	\$ 150,334	\$ 129,637	\$ 109,963	\$ 103,429
Restricted – nonexpendable	580	669	921	1,040
Restricted – expendable	191,789	169,006	147,832	115,033
Unrestricted	<u>238,087</u>	<u>199,401</u>	<u>159,161</u>	<u>135,415</u>
 Total net assets	 <u>\$ 580,790</u>	 <u>\$ 498,713</u>	 <u>\$ 417,877</u>	 <u>\$ 354,917</u>

	<b>Fiscal Year</b>			
	<b>2004-05</b>	<b>2003-04</b>	<b>2002-03</b>	<b>2001-02</b>
Invested in capital assets, net of related debt	\$ 102,171	\$ 123,051	\$ 104,498	\$ 93,610
Restricted – nonexpendable	1,002	893	871	223
Restricted – expendable	91,755	57,138	57,868	63,268
Unrestricted	<u>119,194</u>	<u>107,089</u>	<u>104,126</u>	<u>103,772</u>
 Total net assets	 <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 Identifiable Activity**  
**Last Eight Fiscal Years**  
**(Dollars in Thousands)**

	Fiscal Year			
	2008-09	2007-08	2006-07	2005-06
Instruction	\$ 262,226	\$ 252,671	\$ 252,772	\$ 237,735
Public service	15,180	13,776	13,269	13,552
Academic support	63,594	60,482	58,273	54,342
Student services	79,002	66,436	62,432	62,467
Institutional support	112,944	107,202	102,096	91,872
Operation and maintenance of plant	53,450	49,394	42,245	37,664
Scholarships	3,184	3,531	3,147	2,901
Auxiliary enterprises	64,611	58,990	63,643	63,601
Depreciation	30,751	28,821	28,166	22,470
Other	948	601	585	602
Total operating expenses	<u>685,890</u>	<u>641,904</u>	<u>626,628</u>	<u>587,206</u>
Interest expense on debt	23,364	23,825	18,040	17,365
Loss on sale/disposal of capital assets	-	181	-	-
Total nonoperating expenses	<u>23,364</u>	<u>24,006</u>	<u>18,040</u>	<u>17,365</u>
Total expenses	<u>\$ 709,254</u>	<u>\$ 665,910</u>	<u>\$ 644,668</u>	<u>\$ 604,571</u>

	Fiscal Year			
	2004-05	2003-04	2002-03	2001-02
Instruction	\$ 216,254	\$ 201,072	\$ 187,296	\$ 175,597
Public service	14,729	13,465	13,907	12,163
Academic support	48,265	45,753	39,681	38,990
Student services	63,960	60,189	53,499	49,532
Institutional support	87,193	84,004	75,377	73,257
Operation and maintenance of plant	28,740	26,709	30,377	30,998
Scholarships	3,467	3,102	2,280	2,549
Auxiliary enterprises	59,790	54,795	44,912	45,083
Depreciation	25,047	21,193	24,236	21,498
Other	4,233	5,541	5,910	221
Total operating expenses	<u>551,678</u>	<u>515,823</u>	<u>477,475</u>	<u>449,888</u>
Interest expense on debt	13,709	12,618	14,421	15,317
Loss on sale/disposal of capital assets	326	-	198	-
Total nonoperating expenses	<u>14,035</u>	<u>12,618</u>	<u>14,619</u>	<u>15,317</u>
Total expenses	<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 Eight Fiscal Years**  
**(Dollars in Thousands)**

	Fiscal Year			
	2008-09	2007-08	2006-07	2005-06
Salaries and benefits	\$ 476,551	\$ 448,083	\$ 440,052	\$ 410,438
Contract services	51,283	52,067	53,373	48,746
Financial aid	44,665	36,330	36,565	37,481
Depreciation	30,751	28,821	28,166	22,470
Communications, utilities, and travel	20,827	20,979	19,762	19,431
Noncapitalized equipment	29,393	24,102	18,493	19,208
Supplies and materials	16,673	18,497	16,575	18,422
Subscriptions, dues, insurance, and rentals	9,802	9,698	9,441	8,511
Other expenses	5,945	3,327	4,201	2,499
Total operating expenses	<u>685,890</u>	<u>641,904</u>	<u>626,628</u>	<u>587,206</u>
Interest expense on debt	23,364	23,825	18,040	17,365
Loss on sale/disposal of capital assets	-	181	-	-
Total nonoperating expenses	<u>23,364</u>	<u>24,006</u>	<u>18,040</u>	<u>17,365</u>
Total expenses	<u>\$ 709,254</u>	<u>\$ 665,910</u>	<u>\$ 644,668</u>	<u>\$ 604,571</u>

	Fiscal Year			
	2004-05	2003-04	2002-03	2001-02
Salaries and benefits	\$ 382,588	\$ 357,983	\$ 326,304	\$ 301,700
Contract services	44,639	39,951	38,071	37,511
Financial aid	41,981	38,714	33,634	29,829
Depreciation	25,047	21,192	24,236	21,498
Communications, utilities, and travel	18,505	17,213	17,131	16,747
Noncapitalized equipment	11,117	12,003	13,044	16,718
Supplies and materials	17,824	18,202	16,579	15,556
Subscriptions, dues, insurance, and rentals	7,225	6,964	6,473	6,320
Other expenses	2,752	3,601	2,003	4,009
Total operating expenses	<u>551,678</u>	<u>515,823</u>	<u>477,475</u>	<u>449,888</u>
Interest expense on debt	13,709	12,618	14,421	15,317
Loss on sale/disposal of capital assets	326	-	198	-
Total nonoperating expenses	<u>14,035</u>	<u>12,618</u>	<u>14,619</u>	<u>15,317</u>
Total expenses	<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 Eight Fiscal Years**  
**(Dollars in Thousands)**

	Fiscal Year			
	2008-09	2007-08	2006-07	2005-06
Tuition and fees, net of scholarship allowance	\$ 151,219	\$ 141,086	\$ 141,232	\$ 127,543
Other	12,538	12,860	13,645	15,028
Total operating revenues	<u>163,757</u>	<u>153,946</u>	<u>154,877</u>	<u>142,571</u>
Property taxes	443,029	399,567	364,536	324,593
State appropriations	51,128	57,529	57,528	54,863
State-shared sales tax	7,233	8,946	10,255	8,436
Government grants and contracts	99,708	74,690	70,062	72,199
Private grants and contracts	3,842	3,749	4,566	4,052
Private gifts	13,726	13,272	12,386	9,962
Investment income, net of investment expense	8,194	23,089	21,267	16,947
Gain on sale/disposal of capital assets	474	-	69	207
Total nonoperating revenues	<u>627,334</u>	<u>580,842</u>	<u>540,669</u>	<u>491,259</u>
Total revenues	<u>\$ 791,091</u>	<u>\$ 734,788</u>	<u>\$ 695,546</u>	<u>\$ 633,830</u>

	Fiscal Year			
	2004-05	2003-04	2002-03	2001-02
Tuition and fees, net of scholarship allowance	\$ 116,027	\$ 102,641	\$ 91,855	\$ 85,149
Other	11,590	10,862	10,644	8,715
Total operating revenues	<u>127,617</u>	<u>113,503</u>	<u>102,499</u>	<u>93,864</u>
Property taxes	296,179	281,831	259,813	242,127
State appropriations	51,291	46,614	46,891	48,294
State-shared sales tax	7,712	5,926	5,208	4,436
Government grants and contracts	77,387	73,150	64,190	50,495
Private grants and contracts	3,202	3,435	3,136	3,051
Private gifts	10,504	10,595	9,887	8,569
Investment income, net of investment expense	7,127	3,710	(1,627)	8,996
Gain on sale/disposal of capital assets	-	26	-	92
Total nonoperating revenues	<u>453,402</u>	<u>425,287</u>	<u>387,498</u>	<u>366,060</u>
Total revenues	<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 Eight Fiscal Years**  
**(Dollars in Thousands)**

	Fiscal Year			
	2008-09	2007-08	2006-07	2005-06
Income (loss) before other changes in net assets	\$ 81,838	\$ 68,878	\$ 50,878	\$ 29,259
Capital appropriations	-	11,204	11,422	10,978
Capital grants and gifts	238	754	659	558
Total change in net assets	<u>\$ 82,076</u>	<u>\$ 80,836</u>	<u>\$ 62,959</u>	<u>\$ 40,795</u>

	Fiscal Year			
	2004-05	2003-04	2002-03	2001-02
Income (loss) before other changes in net assets	\$ 15,307	\$ 10,349	\$ (2,098)	\$ (5,281)
Capital appropriations	10,372	8,310	8,310	8,238
Capital grants and gifts	272	2,149	279	694
Total change in net assets	<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)**

<b>Fiscal Year</b>	<b>Property Values Assessed</b>			<b>Total Direct Tax Rate</b>	<b>Total Secured and Unsecured Estimated Market Value</b>	<b>Total Secondary Assessed Value as a Percent of Total Market Value</b>
	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>			
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
2008-09	56,831,715	1,471,920	58,303,635	0.9386	516,677,465	11.3

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 Direct Rate			Overlapping Rates					
	Primary Levy	Secondary Levy	Total	Maricopa County	Education Equalization	Central Arizona Water Conservation District	Other Special Districts	School Districts	Cities
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	1.46 (1)	.44	.12	0 - 3.86	1.02 - 14.33	0 - 2.43
2006-07	.8815	.1831	1.0646	1.43 (1)	.00	.12	0 - 3.86	.88 - 14.72	0 - 2.97
2007-08	.8246	.1514	0.9760	1.30 (1)	.00	.10	0 - 3.86	.94 - 8.76	0 - 2.67
2008-09	.7752	.1634	0.9386	1.20	.00	.10	0 - 3.30	.69 - 12.72	0 - 2.30

Source: District records and Maricopa County Department of Finance.

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

(1) Data updated in fiscal year 2009.

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

Taxpayer	Fiscal Year 2008-09			Fiscal Year 1999-00		
	2008-2009 Secondary Assessed Value	Rank	Percentage of 2008-2009 Secondary Assessed Value	1999-2000 Secondary Assessed Value	Rank	Percentage of 1999-2000 Secondary Assessed Value
Arizona Public Service	\$ 1,059,659,333	1	1.82 %	\$ 783,320,617	1	4.19 %
Qwest/US West	324,452,449	2	0.56	321,615,550	2	1.72
Southwest Gas Corporation	166,462,324	3	0.29	97,038,350	7	0.52
Southern California Edison Company	152,315,324	4	0.26	236,027,104	3	1.26
El Paso Electric Co.	131,454,240	5	0.23	204,045,244	4	1.09
Gila River Power, LP	92,427,111	6	0.16	*		
Mesquite Power LLC	91,650,400	7	0.16	*		
Wal-Mart Stores Inc.	77,485,004	8	0.13	*		
Public Service Company of New Mexico	76,519,906	9	0.13	*		
Target Corporation	76,391,304	10	0.13	*		
Motorola GEG SPS Computer Group, Inc.	*			173,500,012	5	0.93
Public Service Company of New Mexico	*			112,181,397	6	0.60
Southern California Public Power Authority	*			88,506,537	8	0.47
Intel Corporation	*			87,504,788	9	0.47
AT&T/Wireless Services	*			73,811,195	10	0.40
<b>Total Principal Taxpayers</b>	<b>\$ 2,248,817,395</b>		<b>3.87 %</b>	<b>\$ 2,177,550,794</b>		<b>11.65 %</b>
Countywide Secondary Valuation	\$58,303,635,287			\$18,676,830,848		

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

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 2008 is \$569,949,948.

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

Fiscal Year	for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Total Collections to Date		
				Amount	Percentage of Original Levy	Collections in Subsequent Years	Amount	Percentage of Adjusted Levy
2001-02	\$ 202,681,121	\$ (1,796,811)	\$ 200,884,310	\$ 196,163,488	96.78 %	\$ 4,565,579	\$200,729,067	99.92 %
2002-03	220,138,194	(1,860,891)	218,277,303	213,978,155	97.20	3,988,192	217,966,347	99.86
2003-04	239,708,940	(2,138,470)	237,570,470	232,995,411	97.20	4,350,021	237,345,432	99.91
2004-05	258,792,496	(2,918,046)	255,874,450	251,769,652	97.29	3,948,037	255,717,689	99.94
2005-06	277,063,231	(3,164,511)	273,898,720	268,737,564	97.00	4,974,138	273,711,702	99.93
2006-07	298,843,188	(3,151,647)	295,691,541	289,283,824	96.80	6,192,024	295,475,848	99.93
2007-08	322,620,948	(2,271,176)	320,349,772	311,374,459	96.51	8,551,728	319,926,187	99.87
2008-09	348,288,338	(1,455,278)	346,833,060	334,032,370	95.91	-	334,032,370	96.31

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. Starting in fiscal year 1997-98, the District was required to publish notice of its interest to raise taxes to the levy limit and also to hold a public hearing on this proposal. The levy can grow by 2% each year.

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

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

**District Historic Tuition and Fees**

Fiscal Year	Per Credit Hour			Annual Cost Per Full-time Student	Increase	
	General Tuition	Fees	Combined Total		Dollars	Percent
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	-
2008-09	69.00	2.00	71.00	2,130.00	180.00	9.23

**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
1999-00	\$ 1,200.00	5.26 %	\$ 1,338.00	0.83 %	\$ 2,259.00	4.68 %
2000-01	1,230.00	2.50	1,333.00	(0.37)	2,344.00	3.76
2001-02	1,290.00	4.88	1,380.00	3.53	2,486.00	6.06
2002-03	1,380.00	6.98	1,483.00	7.46	2,583.00	3.90
2003-04	1,530.00	10.87	1,702.00	14.77	3,593.00	39.10
2004-05	1,650.00	7.84	1,849.00	8.64	4,074.00	13.39
2005-06	1,800.00	9.09	1,935.00	4.65	4,428.00	8.69
2006-07	1,950.00	8.33	2,018.00	4.29	4,662.00	5.28
2007-08	1,950.00	-	2,063.00	2.23	4,949.00	6.16
2008-09	2,130.00	9.23	2,460.00 (2)	19.24 (2)	5,545.00	12.04

Source: District records.

Note 1: U.S. Department of Education, National Center for Education Statistics, 2006-07 and 2007-08 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, per student and per FTSE)

	<b>For the Fiscal Year Ended June 30</b>				
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>General Bonded Debt</b>					
General obligation bonds	\$ 727,390	\$ 557,390	\$ 609,320	\$ 399,805	\$ 424,710
Per capita	\$ 182.40	\$ 142.65	\$ 160.66	\$ 109.58	\$ 120.51
Per student	\$ 3,147.51	\$ 2,432.59	\$ 2,598.11	\$ 1,677.33	\$ 1,774.70
Per FTSE	\$ 10,376.61	\$ 8,190.29	\$ 8,759.44	\$ 5,709.46	\$ 5,949.40
<b>Other Debt</b>					
Revenue bonds	\$ 15,905	\$ 18,300	\$ 20,605	\$ 23,360	\$ 25,975
Capital lease obligations	136	211	419	556	692
Total outstanding debt	<u>\$ 743,431</u>	<u>\$ 575,901</u>	<u>\$ 630,344</u>	<u>\$ 423,721</u>	<u>\$ 451,377</u>
Per capita	\$ 186.42	\$ 147.38	\$ 166.20	\$ 116.13	\$ 128.08
Per student	\$ 3,216.92	\$ 2,513.38	\$ 2,687.76	\$ 1,777.67	\$ 1,886.13
Per FTSE	\$ 10,605.44	\$ 8,462.29	\$ 9,061.68	\$ 6,051.00	\$ 6,322.96

	<b>For the Fiscal Year Ended June 30</b>				
	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
<b>General Bonded Debt</b>					
General obligation bonds	\$ 261,015	\$ 284,815	\$ 305,750	\$ 322,535	\$ 283,035
Per capita	\$ 74.61	\$ 84.05	\$ 92.84	\$ 100.92	\$ 91.40
Per student	\$ 1,101.69	\$ 1,220.62	\$ 1,364.84	\$ 1,496.65	\$ 1,330.67
Per FTSE	\$ 3,804.22	\$ 4,393.53	\$ 5,114.67	\$ 5,715.26	\$ 5,277.25
<b>Other Debt</b>					
Revenue bonds	\$ 29,005	\$ 24,600	\$ 12,295	\$ 14,375	\$ 16,355
Capital lease obligations	335	67	155	135	198
Total outstanding debt	<u>\$ 290,355</u>	<u>\$ 309,482</u>	<u>\$ 318,200</u>	<u>\$ 337,045</u>	<u>\$ 299,588</u>
Per capita	\$ 82.99	\$ 91.33	\$ 96.62	\$ 105.46	\$ 96.74
Per student	\$ 1,225.52	\$ 1,326.33	\$ 1,420.42	\$ 1,563.98	\$ 1,408.49
Per FTSE	\$ 4,231.84	\$ 4,774.04	\$ 5,322.94	\$ 5,972.37	\$ 5,585.89

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

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

<b>Fiscal Year</b>	<b>Gross Revenues</b>	<b>Debt Service Requirements</b>			<b>Coverage Ratio</b>
		<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
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
2008-09	65,541,384	1,905,000	649,415	2,554,415	25.7

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				
	2008-09	2007-08	2006-07	2005-06	2004-05
Debt Limit	\$ 8,745,545,293	\$ 7,430,186,075	\$ 5,444,204,040	\$ 4,979,582,760	\$ 4,510,048,001
Total net debt applicable to limit	<u>801,740,000</u>	<u>507,390,000</u>	<u>557,390,000</u>	<u>369,320,000</u>	<u>399,805,000</u>
Legal debt margin	<u>\$ 7,943,805,293</u>	<u>\$ 6,922,796,075</u>	<u>\$ 4,886,814,040</u>	<u>\$ 4,610,262,760</u>	<u>\$ 4,110,243,001</u>
Total net debt applicable to the limit as a percentage of debt limit	9.17%	6.83%	10.24%	7.42%	8.86%

	Fiscal Year				
	2003-04	2002-03	2001-02	2000-01	1999-00
Debt Limit	\$ 4,121,698,129	\$ 3,668,557,092	\$ 3,436,970,172	\$ 3,131,657,332	\$ 2,801,524,627
Total net debt applicable to limit	<u>234,440,000</u>	<u>261,015,000</u>	<u>284,815,000</u>	<u>305,750,000</u>	<u>272,392,803</u>
Legal debt margin	<u>\$ 3,887,258,129</u>	<u>\$ 3,407,542,092</u>	<u>\$ 3,152,155,172</u>	<u>\$ 2,825,907,332</u>	<u>\$ 2,529,131,824</u>
Total net debt applicable to the limit as a percentage of debt limit	5.69%	7.11%	8.29%	9.76%	9.72%

**Legal Debt Margin Calculation for Fiscal Year 2008-09**

Secondary Assessed Value of Real and Personal Property	\$ 58,303,635,287
Debt Limit, 15% of Secondary Assessed Value	<u>8,745,545,293</u>
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonded Debt	727,390,000
Amount Available for Debt Repayment	<u>74,350,000</u>
Total Debt Applicable to Debt Limit	<u>801,740,000</u>
Legal Debt Margin	<u>\$ 7,943,805,293</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>
2000	3,097,240	\$ 89,771,608	28,982	3.4 %
2001	3,198,064	93,544,549	29,238	4.0
2002	3,296,739	96,998,974	29,422	5.9
2003	3,389,229	101,378,940	29,933	5.6
2004	3,498,347	110,857,870	31,715	4.7
2005	3,638,481	122,682,746	33,739	4.1
2006	3,648,545	134,339,487	35,667	3.8
2007	3,792,675	139,665,253	36,135	3.2
2008	3,907,492	Not Available (1)	Not Available (1)	5.0
2009	3,987,942	Not Available (1)	Not Available (1)	8.3

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**

<b>Employer</b>	<b>Fiscal Year 2008-09</b>			<b>Fiscal Year 1999-00</b>		
	<b>Number of Full-Time Equivalent Employees in Arizona</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Number of Full-Time Equivalent Employees in Arizona</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
State of Arizona	50,936	1	2.76 %	63,961	1	4.15 %
Wal-Mart Stores, Inc.	32,814	2	1.78	11,900	5	0.77
Banner Health System	23,100	3	1.25	*		
City of Phoenix	17,068	4	0.93	13,300	3	0.86
Maricopa County	14,014	5	0.76	12,963	4	0.84
Wells Fargo & Company	14,000	6	0.76	*		
Arizona State University	13,005	7	0.71	*		
Honeywell Aerospace	12,600	8	0.68	*		
United States Postal Service	10,545	9	0.57	10,772	6	0.70
Bashas' Inc.	10,460	10	0.57	*		
Motorola	*			18,500	2	1.20
Allied Signal Inc.	*			9,000	7	0.58
American Express Co.	*			9,000	7	0.58
Banc One Corp.	*			9,000	7	0.58
Samaritan Health System	*			9,000	7	0.58
<b>Total Principal Employers</b>	<b>198,542</b>		<b>10.77 %</b>	<b>167,396</b>		<b>10.84 %</b>
Total Employment in Maricopa County as of June 30	1,842,503			1,541,071		

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

Source: The Business Journal, Book of Lists.

Arizona Workforce Informer at [www.workforce.az.gov](http://www.workforce.az.gov) for total employment in Maricopa County.

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

	<b>For the Fiscal Year Ended June 30</b>				
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>Faculty</b>					
Part-time	5,424	4,995	6,061	6,131	4,886
Full-time	1,340	1,373	1,376	1,386	1,307
<b>Administrative &amp; support staff</b>	3,050	3,064	2,914	2,942	2,861
<b>Total employees</b>	9,814	9,432	10,351	10,459	9,054
Students per faculty member	34	36	32	32	39
Students per staff member	76	75	80	81	84
Average class size	22	22	21	22	19

	<b>For the Fiscal Year Ended June 30</b>				
	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
<b>Faculty</b>					
Part-time	4,487	3,142	3,414	3,648	4,861
Full-time	1,275	1,237	1,203	1,159	1,091
<b>Administrative &amp; support staff</b>	2,763	2,678	2,560	2,365	2,204
<b>Total employees</b>	8,525	7,057	7,177	7,172	8,156
Students per faculty member	41	53	49	45	36
Students per staff member	86	87	88	91	97
Average class size	18	18	17	17	20

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>2008-09</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>
Phoenix	18,874	18,709	20,275	20,927	20,872	22,480	22,296	22,289	21,463	21,533
Glendale	29,840	29,936	30,767	32,201	33,694	34,360	33,888	33,259	33,174	32,965
GateWay	13,549	14,350	15,633	16,063	15,947	15,918	16,251	15,954	17,117	15,525
Mesa	39,605	39,860	41,594	43,371	45,098	43,931	41,941	39,869	38,542	38,270
Scottsdale	17,343	17,618	17,866	18,719	19,000	19,639	20,028	19,380	18,095	17,763
Rio Salado	50,784	49,806	48,761	46,806	44,203	41,280	38,419	36,097	34,198	30,410
South Mountain	8,905	7,799	7,212	7,534	7,308	7,200	6,587	6,163	5,764	5,286
Chandler-Gilbert	15,696	15,101	14,033	13,240	12,707	12,416	12,179	10,712	10,038	9,377
Paradise Valley	14,633	14,159	14,006	13,958	13,640	13,004	12,480	12,687	11,600	11,020
Estrella Mountain	10,551	10,026	9,938	9,886	9,705	9,040	8,922	8,291	7,441	7,303
Skill Centers	2,097	1,527	1,815	1,757	1,791	3,019	2,599	2,917	2,197	1,961
Adult Basic Education	9,223	10,243	12,624	13,896	15,349	14,636	17,747	16,401	15,875	21,288
<b>Total</b>	<b>231,100</b>	<b>229,134</b>	<b>234,524</b>	<b>238,358</b>	<b>239,314</b>	<b>236,923</b>	<b>233,337</b>	<b>224,019</b>	<b>215,504</b>	<b>212,701</b>

**Historic FTSE**

<u>College/Center</u>	<u>2008-09</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>
Phoenix	5,911	5,848	6,253	6,546	6,847	6,908	6,761	6,297	6,015	5,998
Glendale	10,428	10,023	10,248	10,566	11,242	11,017	10,681	9,760	9,685	9,391
GateWay	3,661	3,677	3,805	3,847	3,728	3,703	3,441	3,046	2,881	2,647
Mesa	13,792	13,653	14,432	14,999	15,804	15,116	14,410	13,375	12,510	12,294
Scottsdale	5,896	5,949	5,926	6,006	6,359	6,396	6,210	5,784	5,316	5,049
Rio Salado	11,937	12,230	12,127	11,620	10,949	9,939	8,771	8,201	8,176	7,310
South Mountain	2,251	2,086	2,052	2,067	2,094	2,014	1,838	1,633	1,515	1,446
Chandler-Gilbert	5,677	5,326	4,803	4,501	4,432	4,230	3,849	3,358	2,927	2,503
Paradise Valley	4,826	4,368	4,451	4,378	4,288	3,970	3,724	3,448	3,275	3,087
Estrella Mountain	3,416	3,087	3,045	2,887	2,986	2,587	2,461	2,116	1,881	1,772
Skill Center	1,309	629	727	780	897	998	1,114	1,276	969	962
Adult Basic Education	995	1,179	1,692	1,828	1,761	1,734	1,566	1,485	1,284	1,174
<b>Total</b>	<b>70,099</b>	<b>68,055</b>	<b>69,561</b>	<b>70,025</b>	<b>71,387</b>	<b>68,612</b>	<b>64,826</b>	<b>59,779</b>	<b>56,434</b>	<b>53,633</b>

**Degrees and Certificates Awarded**

	<u>2008-09</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>
Associate of Arts	2,853	2,505	2,330	1,897	1,481	825	616	900	1,312	1,475
Associate of Applied Science	2,708	2,505	2,331	2,233	2,056	1,954	1,687	1,516	1,385	1,273
Associate of Business	408	336	293	244	179	139	99	53	35	6
Associate of General Studies	692	740	896	1,042	1,326	1,626	1,546	1,402	1,076	659
Associate in Science	395	307	292	237	169	66	44	28	15	12
Associate of Transfer Partnership	189	322	426	512	569	568	510	388	255	65
Academic Certificate	20	6	13	-	-	-	-	-	-	-
Certificates of Completion										
in Occupational Programs	7,166	7,814	8,123	11,107	9,330	8,647	7,390	7,283	10,172	6,149
Arizona General Education Certificate	3,762	2,833	4,650	(1)						

Source: District records.

Notes: (1) Fiscal year 2007 was 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.

FTSE refers to Full-Time Student Equivalent which is calculated by dividing total enrollment credit hours per semester by 15 credit hours (the number 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 use the old calculation.

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

<b>Fiscal Year</b>	<b>Attendance</b>		<b>Enrollment Status</b>			<b>Residency</b>		
	<b>FT</b>	<b>PT</b>	<b>Continuing</b>	<b>New</b>	<b>Former</b>	<b>Resident</b>	<b>Out of County</b>	<b>Out of State</b>
1999-00	22 %	78 %	43 %	42 %	15 %	94 %	2 %	4 %
2000-01	21	79	42	42	16	93	2	5
2001-02	22	78	43	41	16	93	2	5
2002-03	23	77	45	40	15	93	2	5
2003-04	25	75	47	38	15	92	3	5
2004-05	25	75	47	38	15	92	3	5
2005-06	24	76	47	38	15	92	3	5
2006-07	24	76	46	39	15	92	3	5
2007-08	25	75	46	39	15	88	2	10
2008-09	25	75	41	42	17	88	2	10

<b>Fiscal Year</b>	<b>Gender</b>		<b>Ethnic Background</b>						<b>Median Age</b>
	<b>M</b>	<b>F</b>	<b>Native American</b>	<b>Asian</b>	<b>African American</b>	<b>Hispanic</b>	<b>Anglo</b>	<b>Other</b>	
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
2008-09	43	57	3	4	6	20	58	9	22

Source: District records.

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

<u>Location</u>	<u>Fiscal Year</u>			
	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
Phoenix				
Total Square Footage	609,814	595,300	575,500	575,500
Total Acreage	61.5	61.5	61.5	61.8
Glendale				
Total Square Footage	820,986	735,100	735,100	652,200
Total Acreage	314.0	314.0	314.0	223.0
GateWay				
Total Square Footage	373,426	373,200	373,200	373,200
Total Acreage	42.0	42.0	42.0	41.8
Mesa				
Total Square Footage	982,072	911,219	834,519	820,100
Total Acreage	248.8	248.3	243.3	243.0
Scottsdale				
Total Square Footage	562,058	511,900	510,600	505,300
Total Acreage	162.0	162.0	162.0	162.2
Rio Salado				
Total Square Footage	284,562	445,770	244,285	154,600
Total Acreage	15.0	15.0	15.0	10.0
South Mountain				
Total Square Footage	249,885	247,000	246,700	243,000
Total Acreage	148.8	148.8	148.8	99.9
Chandler-Gilbert				
Total Square Footage	504,988	450,000	446,000	439,200
Total Acreage	174.3	174.3	174.3	173.9
Paradise Valley				
Total Square Footage	420,566	371,900	371,900	21,900
Total Acreage	159.0	159.0	165.0	157.0
Estrella Mountain				
Total Square Footage	250,388	250,000	250,000	251,000
Total Acreage	216.0	216.0	216.0	216.1
District Services Support Center				
Total Square Footage	291,299	280,705	240,066	190,400
Total Acreage	9.8	9.8	7.6	5.7
Totals for District:				
Total Square Footage	5,350,044	5,172,094	4,827,870	4,226,400
Total Acreage	1,551.2	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 14<sup>th</sup> Street, Tempe, Arizona 85281-6942  
<http://www.maricopa.edu>  
(480)731-8554

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