

Maricopa County Community College District

Phoenix, Arizona

Chandler-Gilbert

Estrella Mountain

GateWay

Glendale

Mesa

Paradise Valley

Phoenix

Rio Salado

Scottsdale

South Mountain



Rio Salado College

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2007





Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2007

**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, 2007

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Introductory Section



www.maricopa.edu

DR. RUFUS GLASPER
CHANCELLOR

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December 17, 2007

To the Citizens of Maricopa County:

I'm pleased to present to you the 2007 Comprehensive Annual Financial Report of the Maricopa Community Colleges. This report is a description of the financial operations of our colleges. It also provides you, the taxpayers, evidence that we are cautious and responsible stewards of the monies entrusted to us as we educate tens of thousands of students each year.

We remain focused on teaching and learning, providing broad-based skills and education to thousands of credit and non-credit students in our 10 colleges, two skill centers, and satellite education centers throughout Maricopa County. We also are the largest provider of workforce skills training in Arizona.

We received some wonderful financial news during 2007. Standard & Poor's became the third nationally-known bond rating agency to give the District's general obligation bonds their highest "Triple A" rating. At this time, we are one of only two community college districts in the country that have achieved the highest possible ratings from all three national rating agencies.

That strong affirmation of our financial strength and management paid dividends for Maricopa County taxpayers in April. When it came time to sell \$240 million in general obligation bonds to finance a variety of voter-approved construction projects, the marketplace responded, buying the District's bonds at less than a 4% interest rate. If the interest rate on those bonds had been 6%, as we had anticipated, we would have owed \$71 million more in additional interest. Those are real savings that benefit all of the County's taxpayers.

Since county voters approved the District's bond program in 2004, the District has moved cautiously to ensure that every construction project we've undertaken represents the best possible use of funds.

That caution has been especially important because since 2004, we have faced much higher inflation in construction costs — 8 to 12% a year — than anticipated when we planned for the bond issue. In spite of these challenges, we've completed, or are in the process of completing, a number of exciting projects, including:

- Glendale Community College's remodeled Student Union, which opened to rave reviews earlier this year;
- Chandler-Gilbert Community College's expansion of the Sun Lakes Education Center;
- Expansion of Rio Salado College's Lifelong Learning Center in Surprise; and
- Science laboratory space in Estrella Mountain Community College's Montezuma Hall.

This Comprehensive Annual Financial Report is a description of our commitment to provide quality educational services while using our tax resources in the most prudent and effective way possible. When you read it, I hope you'll agree that 2007 represented another year when the District served its taxpayers well and used its resources wisely.

Sincerely,

Rufus Glasper, Ph.D., CPA
Chancellor





www.maricopa.edu

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CHANCELLOR

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December 17, 2007

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, 2007 (FY 2007).

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.

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 Maricopa County Community College District Foundation is presented as a component unit of the District. The District is not included in any other governmental financial reporting entity.

Profile of Maricopa County Community College District

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

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

History

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

Geography/Population

Located in the south-central portion of the State of Arizona, Maricopa County (the County) qualifies as the major economic, political, and population center in the State. The area includes the Greater Phoenix Metropolitan Area, which is comprised of Phoenix, Glendale, Mesa, Scottsdale, Paradise Valley, Tempe, Peoria, Chandler, and Gilbert, plus other smaller cities and towns and all the unincorporated areas of the County.

For the past three decades, Maricopa County has been one of the most rapidly growing counties in the country in terms of population, employment and personal income. According to the U.S. Census Bureau Population Division, Maricopa County's population increased by 45% in the 10 year period between the official census dates of April 1990 to 2000, and is the fourth most populated county in the nation. As of July 2006, the Department of Economic Security estimated the County's population to be 3,792,675, which represents an increase of almost 24% from the official April 2000 census.

The County has slightly over 60% of the State's total population and 65% of the total labor force. A majority of the County's labor force (80%) is employed in the service markets. These include trade, transportation and utilities; professional and business services; government; education and healthcare; and leisure/hospitality.

Profile of Maricopa County Community College District (continued)

Types of Services

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

The District 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 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, 5% African American, 4% Asian, 3% Native American and 10% other.

The District is a major part of the community and continues to be a pipeline for the State's four-year universities, primarily Arizona State University (ASU). In the Fall of 2006, 24,670 ASU undergraduates had transferred MCCCDC credits (representing 49% of the total ASU undergraduate enrollment).

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

State and Local Economy

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

According to the Arizona Department of Economic Security Research Administration (DES/RA), Arizona's economy is expected to grow in 2007 and 2008. Specifically, Arizona's non-farm jobs are forecasted to grow by 2.4% in 2007 and 1.7% in 2008. This translates into an

Profile of Maricopa County Community College District (continued)

estimated increase of 113,700 non-farm jobs over a two-year period. The increase is anticipated to occur primarily in the educational and health services and the professional and business services sectors.

Long Term Strategic Financial and Operational Planning

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

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

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

Budget Process

The District's elected Governing Board establishes policy and sets spending priorities through the strategic planning process. The Financial Advisory Council (FAC), which has broad based membership representing students, faculty, staff, administration, and the Governing Board, is responsible for the supervision and coordination of the district wide budget process. The FAC thoroughly reviews program needs and available resources before making budget recommendations to the Chancellor's Executive Council (CEC). The CEC in turn makes recommendations to the Chancellor who ultimately presents a fiscally stable and balanced budget to the Governing Board. In an April public meeting, the Governing Board adopts a preliminary budget, with final budget adoption in June.

Financial Reporting

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

Long Term Strategic Financial and Operational Planning (continued)

legislature, federal and state agencies, bond-rating agencies, financial institutions and the general public. Internal management reports, customized to meet the information and decision-making needs at all levels of the organization, aid in the management of financial resources.

The District also routinely monitors and reports on revenue collections and actual expenses compared to budget at each college. It carefully reviews fluctuations and implements strategies to remedy variances.

Cash Management

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

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

Risk Management

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

Major Initiatives

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

ASU and NAU Alliances

To increase the number of students who complete their Associate and Baccalaureate degrees, Maricopa has invested in new partnerships with Arizona State University (ASU) and Northern Arizona University (NAU). The Maricopa/ASU Alliance has 1,658 students participating in five

Major Initiatives (continued)

programs. The NAU partnership includes baccalaureate degree programs offered at each of our ten colleges. Agreements with NAU provide a 2 + 2 transfer program in most degrees. As an added benefit students will be able to continue the upper-division components of their NAU baccalaureates at the Maricopa college facilities.

New Student Information System

Work on the District's new student information system to replace the legacy system continues to move forward towards implementation in February 2008. This system will capture, secure and track all relevant information about students, alumni, and organizational data and serve as a common source of enhanced information for all the colleges in the District. This includes improvements to enrollment services such as student record keeping, evaluation of student progress, recruitment, and analysis of admissions and enrollment efforts. It will also give students and faculty timely access to academic records and reports and will facilitate better management of catalogues and class schedules. Additionally, student financial services such as awarding financial aid and managing student accounts and payments will be enhanced, and more self-service opportunities will be offered to the students.

2004 Capital Development Program

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

Several buildings and parcels of land were purchased with 2004 General Obligation Bonds this year including a 68,000 square foot building for Rio Salado College, a 66,000 square foot building for Paradise Valley Community College, and a 40,000 square foot building for district-wide surplus/salvage operations. Parcels of land purchased include 80 acres in Buckeye for Estrella Mountain Community College, 43 acres in Laveen for South Mountain Community College, and 90 acres in Surprise for Glendale Community College. Additionally, several remodeling and expansion projects were completed including the Student Union at Glendale Community College, science labs at Estrella Mountain Community College, Sun Lakes Center for Chandler-Gilbert Community College, and the Lifelong Learning Center in Surprise for Rio Salado College. Other projects underway include construction of a new southwest science building at Mesa Community College, a life science building at Glendale Community College, and phase I permanent construction at Glendale Community College North, as well as expansion and remodeling at several of our colleges and sites.

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, 2006. This was the 16th consecutive year that the District has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal regulations.

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

Acknowledgment

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

Respectfully submitted,

Debra Thompson
Vice Chancellor for Business Services

Kimberly Brainard Granio, CPA
Director, Financial Services & Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Maricopa County
Community College District
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

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 "Ronald J. Hawn".

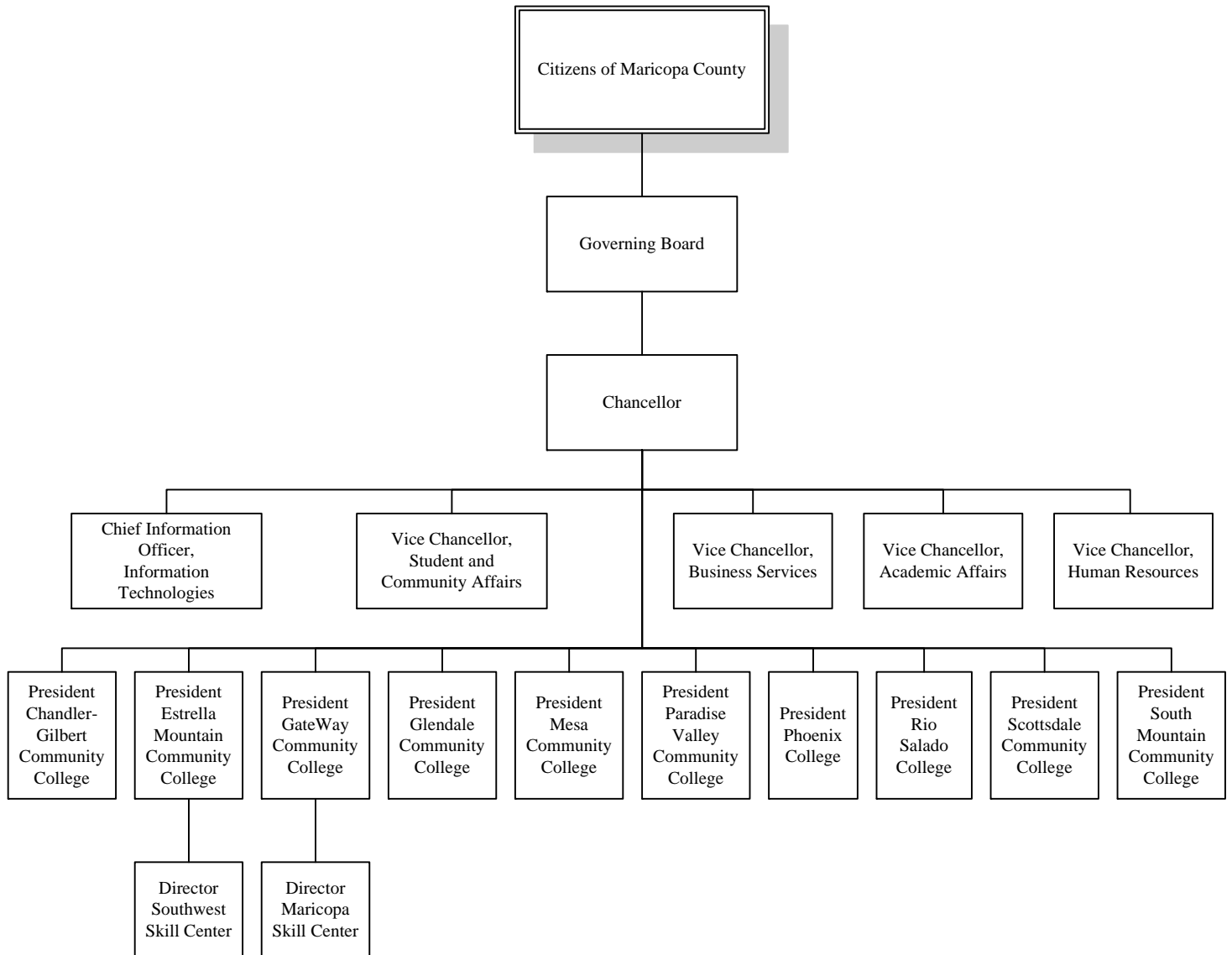
President

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

Mrs. Linda B. Rosenthal, *President*

Dr. Donald R. Campbell, *Secretary*

Ms. Colleen Clark

Mr. Scott Crowley

Mr. Jerry D. Walker

Administration

Dr. Rufus Glasper, *Chancellor*

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

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

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

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

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

College Presidents and Directors

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

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

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

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

Dr. Bernie Ronan, *Acting President, Mesa Community College*

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

Dr. Anna Solley, *President, Phoenix College*

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

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

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

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

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



Vision, Mission & Values

Vision

A Community of Colleges...Colleges for the Community

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

Mission

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

We Focus On Learning Through:

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

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

Statement of Values

The Maricopa Community Colleges are committed to:

Community

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

Excellence

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

Honesty and integrity

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

Inclusiveness

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

Innovation

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

Learning

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

Responsibility

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

Stewardship

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

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





Financial Section



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Governing Board of
Maricopa County Community College District

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Maricopa County Community College District as of and for the year ended June 30, 2007, 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, 2007, 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 23 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Revenues, Expenses, and Changes in Net Assets by College/Center listed as supplemental information in the table of contents is presented for purposes of additional analysis, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In addition, the introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements. That information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Debbie Davenport
Auditor General

December 17, 2007

**Maricopa County Community College District
Management's Discussion and Analysis
For the Year Ended June 30, 2007**

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, 2007. 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, 2007. 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, 2007. 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, 2007. It shows the cash activities by type, reconciling the beginning cash and cash equivalents amount to the ending cash and cash equivalents amount, which is shown on the *Statement of Net Assets*, described above. In addition, this statement reconciles cash flows from operating activities to operating income/(loss) on the *Statement of Revenues, Expenses, and Changes in Net Assets* described above.

Although the primary focus of this document is on the results and activity for fiscal year 2006-07 (FY 2007), comparative data is presented for the previous fiscal year 2005-06 (FY 2006). 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, 2007</i>	<i>As of June 30, 2006</i>
Current assets	\$281,696,150	\$243,075,634
Noncurrent assets, other than capital assets	410,437,279	232,984,618
Capital assets, net	445,978,461	376,461,742
Total assets	1,138,111,890	852,521,994
Other liabilities	57,468,153	45,748,959
Long-term liabilities	662,766,965	451,855,594
Total liabilities	720,235,118	497,604,553
Net assets:		
Invested in capital assets, net of related debt	109,962,758	103,428,825
Restricted net assets	148,753,072	116,073,256
Unrestricted net assets	159,160,942	135,415,360
Total net assets	\$417,876,772	\$354,917,441

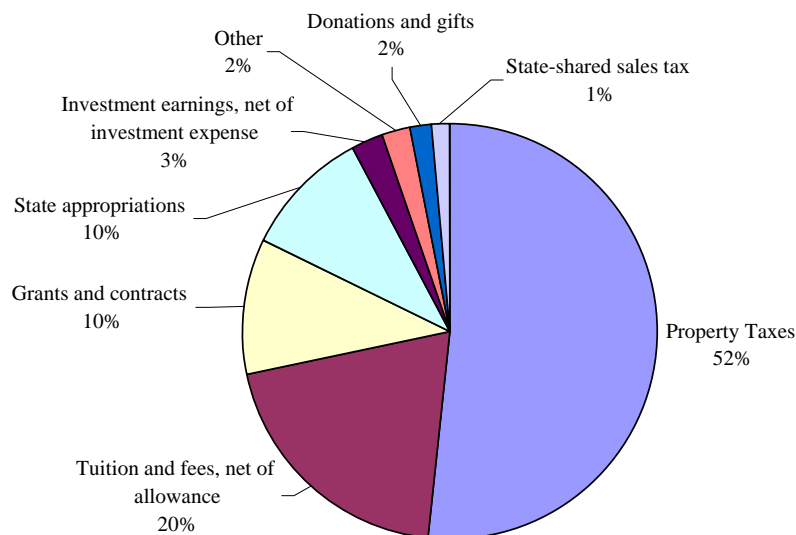
<i>Statement of Revenues, Expenses, and Changes in Net Assets</i>	<i>For the Year Ended June 30, 2007</i>	<i>For the Year Ended June 30, 2006</i>
Operating revenues	\$229,505,341	\$218,822,020
Operating expenses:		
Educational and general	534,233,825	500,533,344
Auxiliary enterprises	63,642,706	63,601,462
Depreciation	28,166,343	22,469,572
Other	584,722	601,678
Total operating expenses	626,627,596	587,206,056
Operating loss	(397,122,255)	(368,384,036)
Nonoperating revenues and expenses	448,000,616	397,642,879
Income (loss) before other revenues, expenses, gains, or losses	50,878,361	29,258,843
Other revenues, expenses, gains, or losses	12,080,970	11,536,624
Increase in net assets	62,959,331	40,795,467
Net assets, Beginning of year	354,917,441	314,121,974
Net assets, End of year	\$417,876,772	\$354,917,441

Basic Financial Statements (continued)

The following schedule presents a summary and comparison of revenues for the fiscal years ended June 30, 2007 and June 30, 2006.

<i>Revenues by Source</i>	FY 2007		FY 2006		Increase/(Decrease)	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Change</u>
<u>Operating revenues</u>						
Tuition and fees, net of scholarship allowance	\$141,232,234	20%	\$127,543,097	20%	\$13,689,137	11%
Grants and contracts	74,628,419	10	76,250,646	12	(1,622,227)	(2)
Other operating revenues	13,644,688	2	15,028,277	2	(1,383,589)	(9)
<u>Total operating revenues</u>	<u>229,505,341</u>	<u>32</u>	<u>218,822,020</u>	<u>34</u>	<u>10,683,321</u>	<u>5</u>
<u>Nonoperating revenues</u>						
Property taxes	364,536,473	52	324,593,369	50	39,943,104	12
State appropriations	68,950,200	10	65,841,100	10	3,109,100	5
State-shared sales tax	10,254,921	1	8,436,320	1	1,818,601	22
Donations and gifts	13,044,616	2	10,520,457	2	2,524,159	24
Investment earnings, net of investment expense	21,266,973	3	16,946,717	3	4,320,256	25
Gain on sale/disposal of capital assets	68,838	-	206,882	-	(138,044)	(67)
<u>Total nonoperating revenues</u>	<u>478,122,021</u>	<u>68</u>	<u>426,544,845</u>	<u>66</u>	<u>51,577,176</u>	<u>12</u>
<u>Total revenues</u>	<u>\$707,627,362</u>	<u>100%</u>	<u>\$645,366,865</u>	<u>100%</u>	<u>\$62,260,497</u>	<u>10%</u>

Revenues by Source FY 2007

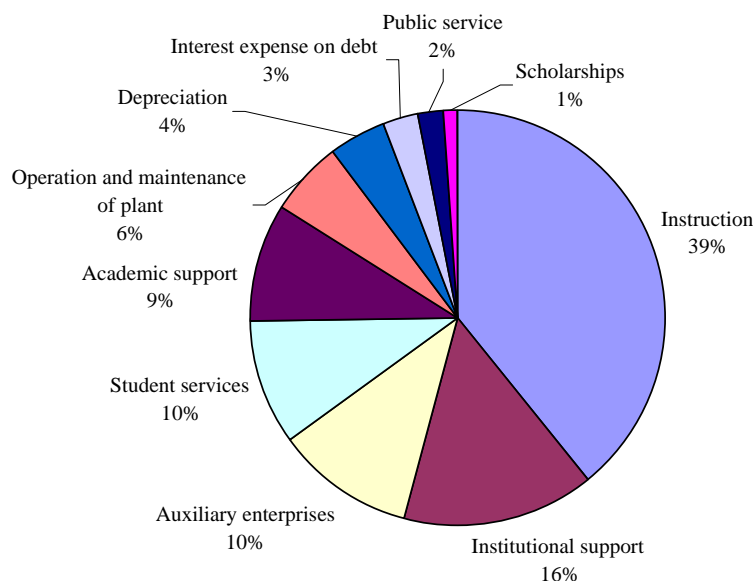


Basic Financial Statements (continued)

The following schedule presents a summary and comparison of expenses for the fiscal years ended June 30, 2007 and June 30, 2006.

<i>Expenses by Function</i>	FY 2007		FY 2006		Increase/(Decrease)	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Change</u>
<u>Operating expenses</u>						
Educational and general						
Instruction	\$252,771,699	39%	\$237,735,208	39%	\$15,036,491	6%
Public service	13,269,306	2	13,551,574	2	(282,268)	(2)
Academic support	58,273,054	9	54,341,700	9	3,931,354	7
Student services	62,431,521	10	62,467,372	10	(35,851)	-
Institutional support	102,095,999	16	91,872,173	15	10,223,826	11
Operation and maintenance of plant	42,244,766	6	37,664,387	6	4,580,379	12
Scholarships	3,147,480	1	2,900,930	1	246,550	8
Auxiliary enterprises	63,642,706	10	63,601,462	11	41,244	-
Depreciation	28,166,343	4	22,469,572	4	5,696,771	25
Other	584,722	-	601,678	-	(16,956)	(3)
Total operating expenses	<u>626,627,596</u>	<u>97</u>	<u>587,206,056</u>	<u>97</u>	<u>39,421,540</u>	<u>7</u>
<u>Nonoperating expenses</u>						
Interest expense on debt	<u>18,040,435</u>	<u>3</u>	<u>17,365,342</u>	<u>3</u>	<u>675,093</u>	<u>4</u>
Total expenses	<u>\$644,668,031</u>	<u>100%</u>	<u>\$604,571,398</u>	<u>100%</u>	<u>\$40,096,633</u>	<u>7</u>

Expenses by Function FY 2007



Financial Highlights and Analysis

Statement of Net Assets

The District's overall financial position improved in FY 2007. Total Net Assets for the District grew by \$63 million from FY 2006 to FY 2007. Approximately \$23.7 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 (\$21.5 million) where funds have been set aside for payments on outstanding debt and in capital projects (\$6.7 million), where cash flows from invested capital funds have been set aside for current and future capital projects.

Total assets increased \$285.6 million from FY 2006 to FY 2007. The majority of this increase was the result of the District's issuance of \$240 million of new General Obligation (GO) debt as the second series in its 2004 Bond Program. These funds will be spent over the next two years in support of the capital program. The remaining increase is primarily due to additional property tax revenues restricted for debt repayment purposes.

Total liabilities for the District increased by \$222.6 million. Similar to the increase in assets discussed above, this increase also relates to the District's issuance of \$240 million in GO debt. The increase is less than the \$240 million as the District paid off (during FY 2007) part of its debt outstanding at June 30, 2006.

Statement of Revenues, Expenses, and Changes in Net Assets

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

Total revenue for the District increased by approximately \$62 million from FY 2006 to FY 2007. The following revenue sources make up a significant portion of this total increase.

- Increase of \$39.9 million in Property Taxes due to the District maximizing its tax levy and new construction.
- Increase of \$13.7 million in Tuition and Fees due to a \$10 per semester rise in registration fees and a \$5 per credit hour rise in tuition.
- Increase of \$4.3 million in Investment Income, net of investment expense, due to additional bond proceeds on hand that were invested.
- Increase of \$3.1 million in State Appropriations due to prior year growth in enrollment (full-time student equivalent) in the District.

Total expenses increased by \$40 million from FY 2006 to FY 2007. The following expenses, by function, comprise a significant portion of this total increase.

- Increase of \$15 million in Instruction
This category includes activities for the District's instruction programs, including expenses for credit and noncredit courses; academic, vocational, and technical instruction; remedial and tutorial instruction; and regular, special, and extension sessions. Increases were primarily due to additional faculty and increased wage and employee benefit expenses.

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

- Increase of \$3.9 million in Academic Support
This category includes activities to support the District's primary mission. The additional expenses are primarily due to the increased cost of expanded services available to students.
- Increase of \$4.6 million in Operation and Maintenance of Plant
This category includes activities supporting the operation and maintenance of the District's facilities and grounds. This category experienced a rise in the areas of wages, employee benefits, and utility costs.
- Increase of \$10.2 million in Institutional Support
This category includes activities supporting the function of the District including administration, judgments, claims, uncollectible charges, fiscal and payroll operations, data processing, marketing, etc. The increase in this category is primarily related to higher wages and employee benefits, as well as greater expenses for copy services, equipment repair, marketing and license agreements.
- Increase of \$5.7 million in Depreciation
Depreciation is the systematic and rational allocation of the cost of a capital asset over its estimated useful life. As the District invests funds in capital assets through its Bond Program or other capital funds, the total depreciation will increase as the cost of those assets are recorded over time rather than in the year the funds were expended.

Capital Assets and Debt Administration

The District's capital assets as of June 30, 2007 totaled \$445,978,461 (net of accumulated depreciation). Capital assets include land, construction in progress, buildings, improvements other than buildings, equipment, and library books. The change in the District's capital assets for the current year was an increase of more than 18%, primarily attributed to increased investment in land, buildings, construction, technology, and equipment. The District has \$37,687,468 in construction in progress, with an estimated cost to complete of \$180,593,636. Additional information on capital assets can be found in Note 4 to the financial statements.

In April 2007, the District sold \$240,000,000 in bonds, used to support ongoing projects scheduled in the 2004 Bond Program. These general obligation bonds were sold to finance general improvement of the District's educational facilities, and for the purchases of land and equipment. Additional information on all of the District's bond issues is discussed in greater detail in Note 5 to the financial statements. The District anticipates issuing a new series every two years, depending on cash flow needs. The next anticipated issuance is planned for fiscal year 2009.

At year-end, the District's financial position remains strong, with adequate resources and reserves to meet all current obligations. The District's general obligation bond debt issues are rated Aaa by Moody's Investors Service, AAA by Fitch, and AAA by Standard & Poor's. The AAA rating from Standard & Poor's was a recent upgrade (February 2007) from their previous AA+ rating. Reasons cited for this upgrade were a deep, diverse, and expanding economic base, strong financial policies and management, and a moderately low and manageable debt burden.

Capital Assets and Debt Administration (continued)

The District's revenue bond debt issues are rated Aa2 by Moody's, and AA by both Fitch and Standard & Poor's. These ratings indicate the high quality and strong credit attributes of the District's obligations.

Current Factors Having Probable Future Financial Significance

In response to rising insurance costs and after thorough analysis and review, the District implemented a self-funded medical plan, effective July 1, 2005. The District continuously monitors the activity of its medical plan to achieve financial stability within the plan. Employee contributions are analyzed and set annually to meet projected costs based on historical claims. The District continues to save significant administrative costs by remaining self-insured.

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 2007, the District has set aside \$9.2 million in budget capacity for this purpose and has allocated \$6.2 million of this amount to support specific projects. The District will continue to increase budget capacity as the Bond Program progresses.

Requests for Information

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

Maricopa County Community College District
Statement of Net Assets -- Primary Government
June 30, 2007

	Business-Type Activities
Assets	
Current assets:	
Cash and cash equivalents	\$ 248,396,115
Investments	82,198
Receivables (net of allowance of \$4,656,316)	27,872,206
Other	5,345,631
Total current assets	281,696,150
Noncurrent assets:	
Receivables (net of allowance of \$383,640)	581,132
Restricted assets:	
Cash and cash equivalents	145,789,057
Investments	259,140,665
Receivables (net of allowance of \$355,067)	2,519,811
Other	2,406,614
Capital assets, not being depreciated	92,110,583
Depreciable capital assets, net of depreciation	353,867,878
Total noncurrent assets	856,415,740
Total assets	1,138,111,890
Liabilities	
Current liabilities:	
Accounts payable	8,918,330
Accrued liabilities	22,785,116
Deposits held in custody for others	1,153,467
Interest payable	10,512,039
Deferred revenues	14,099,201
Long-term liabilities - current portion	56,059,717
Total current liabilities	113,527,870
Noncurrent liabilities	
Total liabilities	720,235,118
Net Assets	
Invested in capital assets, net of related debt	109,962,758
Restricted:	
Nonexpendable:	
Endowments	220,683
Student loans	700,460
Expendable:	
Scholarships	1,577,625
Grants and contracts	19,920,533
Student loans	73,046
Debt service	59,069,653
Capital projects	67,191,072
Unrestricted	
Total net assets	\$ 417,876,772

See accompanying notes to financial statements.

Maricopa County Community College District
Statement of Financial Position -- Component Unit
June 30, 2007

	Maricopa County Community College District Foundation
Assets	
Current assets:	
Cash and cash equivalents	\$ 1,249,802
Pledges receivable, net	646,506
Total current assets	1,896,308
Pledges receivable, net of current portion	687,470
Investments	17,456,070
Cash surrender value of life insurance	469,511
Cash held for endowment purposes	935,828
Beneficial interest in charitable remainder unitrust	106,386
Other assets	2,300
Total assets	\$ 21,553,873
 Liabilities and Net Assets	
Current liabilities:	
Accounts payable	\$ 121,469
Contributions payable	962,150
Charitable gift annuity liability	231,924
Total liabilities	1,315,543
Net assets	
Unrestricted	189,452
Temporarily restricted	5,485,435
Permanently restricted	14,563,443
Total net assets	20,238,330
Total liabilities and net assets	\$ 21,553,873

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, 2007

	Business-Type Activities
Operating revenues:	
Tuition and fees (net of scholarship allowance of \$33,841,227), portion pledged as security for revenue bonds	\$ 141,232,234
Government grants and contracts	70,062,675
Private grants and contracts	4,565,744
Other, portion pledged as security for revenue bonds	13,644,688
Total operating revenues	229,505,341
Operating expenses:	
Educational and general:	
Instruction	252,771,699
Public service	13,269,306
Academic support	58,273,054
Student services	62,431,521
Institutional support	102,095,999
Operation and maintenance of plant	42,244,766
Scholarships	3,147,480
Auxiliary enterprises	63,642,706
Depreciation	28,166,343
Other	584,722
Total operating expenses	626,627,596
Operating loss	(397,122,255)
Nonoperating revenues (expenses):	
Property taxes	364,536,473
State appropriations	57,528,300
State-shared sales tax	10,254,921
Private gifts	12,385,546
Investment earnings, net of investment expense	21,266,973
Interest expense on debt	(18,040,435)
Gain on sale/disposal of capital assets	68,838
Total nonoperating revenues	448,000,616
Income before other revenues, expenses, gains, or losses	50,878,361
Capital appropriations	11,421,900
Capital grants and gifts	659,070
Increase in net assets	62,959,331
Total net assets, July 1, 2006	354,917,441
Total net assets, June 30, 2007	\$ 417,876,772

See accompanying notes to financial statements.

Maricopa County Community College District
Statement of Activities -- Component Unit
For the Year Ended June 30, 2007

Maricopa County Community College District Foundation

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenue:				
Contributions	\$ -	\$ 4,039,670	\$ 388,184	\$ 4,427,854
Contributed services	105,900	-	-	105,900
Investment return	195,251	-	1,662,936	1,858,187
Increase in cash surrender value of life insurance	-	-	9,276	9,276
Total support and revenue before special events and net assets released from restrictions	<u>301,151</u>	<u>4,039,670</u>	<u>2,060,396</u>	<u>6,401,217</u>
Special events revenue		373,240		373,240
Less cost of direct donor benefits	-	(88,155)	-	(88,155)
Gross profit from special events		<u>285,085</u>		<u>285,085</u>
Net assets released from restrictions	<u>2,654,339</u>	<u>(2,451,582)</u>	<u>(202,757)</u>	<u>-</u>
Total support and revenue	<u>2,955,490</u>	<u>1,873,173</u>	<u>1,857,639</u>	<u>6,686,302</u>
Expenses				
Program expenses:				
Scholarships and other programs	<u>2,654,339</u>	<u>-</u>	<u>-</u>	<u>2,654,339</u>
Supporting services				
General and administrative	<u>337,472</u>	<u>-</u>	<u>-</u>	<u>337,472</u>
Total expenses	<u>2,991,811</u>	<u>-</u>	<u>-</u>	<u>2,991,811</u>
Change in net assets	(36,321)	1,873,173	1,857,639	3,694,491
Net assets, beginning of year	<u>225,773</u>	<u>3,612,262</u>	<u>12,705,804</u>	<u>16,543,839</u>
Net assets, end of year	<u>\$ 189,452</u>	<u>\$ 5,485,435</u>	<u>\$ 14,563,443</u>	<u>\$ 20,238,330</u>

See accompanying notes to financial statements.

**Maricopa County Community College District
Statement of Cash Flows -- Primary Government
For the Year Ended June 30, 2007**

CASH FLOWS FROM OPERATING ACTIVITIES	Business-Type Activities
Tuition and fees	\$ 144,580,253
Grants and contracts	73,542,116
Payments to employees	(436,636,576)
Payments to providers of goods and services	(119,379,361)
Payments to students for grants and scholarships	(35,325,271)
Other receipts	10,484,278
Net cash used for operating activities	<u>(362,734,561)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property taxes	363,633,677
State appropriations	57,528,300
State-shared sales tax	10,059,994
Federal student loans received	76,433,571
Federal student loans disbursed	(76,433,571)
Deposits held by others received	2,671,842
Deposits held by others disbursed	(2,493,115)
Gifts and grants received for other than operating or capital purposes	12,385,546
Net cash provided by noncapital operating or financing activities	<u>443,786,244</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from issuance of bonds	240,409,815
Capital appropriations	11,421,900
Proceeds from sale of capital assets	142,409
Purchase of capital assets	(95,947,237)
Principal paid on capital debt and lease	(33,377,004)
Interest paid on capital debt and lease	(16,353,171)
Net cash provided by capital and related financing activities	<u>106,296,712</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	474,365,846
Interest received on investments	21,148,290
Purchase of investments	(568,564,228)
Net cash used for investing activities	<u>(73,050,092)</u>
Net increase in cash	114,298,303
Cash and cash equivalents - beginning of year	279,886,869
Cash and cash equivalents - end of year	<u>\$ 394,185,172</u>

(continued)

See accompanying notes to financial statements.

Statement of Cash Flows (continued)

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

Operating loss	\$ (397,122,255)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation expense	28,166,343
Expenses (related to revenue) for donations of non-capitalized items	364,537
Change in assets and liabilities:	
Increase in:	
Receivables, net	(2,283,060)
Other assets	(4,146,397)
Accounts payable	1,949,395
Accrued liabilities	3,027,292
Deferred revenue	4,876,516
Long-term liabilities - Compensated absences	2,338,333
Decrease in:	
Student loans receivable	94,735
Net cash used for operating activities	<u><u>\$ (362,734,561)</u></u>

Noncash transactions:

Increase in fair value of investments. The fair value of investments increased by \$5,075.

Capital asset trade-ins. \$119,655 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 \$659,070.

Amortization of discount/premium on bonds. The District amortized \$240,523 of prepaid bond issuance costs.

Rebatable arbitrage liability. The rebatable arbitrage liability increased \$1,969,615 as of June 30, 2007.

Increase in claims payable. The estimate of health benefits and worker's compensation increased by \$679,661 between fiscal year 2006 and fiscal year 2007.

Increase in contingent losses. The estimate of contingent losses increased by \$711,000 between fiscal year 2006 and fiscal year 2007.

See accompanying notes to financial statements.

Maricopa County Community College District
Notes to Financial Statements
For the Year Ended June 30, 2007

NOTE 1 - Summary of Significant Accounting Policies

The accounting policies of the Maricopa County Community College District (the District) conform to generally accepted accounting principles applicable to public institutions engaged only in business-type activities adopted by the Governmental Accounting Standards Board (GASB). The District follows Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The District has chosen the option not to follow FASB Statements and Interpretations issued after November 30, 1989.

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

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

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

During the year ended June 30, 2007, the Foundation made distributions of \$2,654,339 to the District for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Foundation Office at 2411 W. 14th Street, Tempe, AZ 85281.

NOTE 1 - Summary of Significant Accounting Policies (continued)

Basis of Presentation and Accounting - The financial statements include a statement of net assets; a statement of revenues, expenses, and changes in net assets; and a statement of cash flows.

The statement of net assets provides information about the assets, liabilities, and net assets of the District at the end of the year. Assets and liabilities are classified as either current or noncurrent. Net assets are classified according to external donor restrictions or availability of assets to satisfy District obligations. Invested in capital assets, net of related debt represents the value of capital assets, net of accumulated depreciation, less any outstanding debt incurred to acquire or construct the assets. Nonexpendable restricted net assets include gifts that have been received for endowment purposes and federal contributions for the Federal Perkins Loan Program, the corpus of which cannot be expended. Expendable restricted net assets represent grants, contracts, gifts, and other resources that have been externally restricted for specific purposes. Unrestricted net assets include all other net assets, including those that have been designated by management to be used for other than general operating purposes. When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first use unrestricted resources, and then restricted resources. The District eliminates all internal activity.

The statement of revenues, expenses, and changes in net assets provides information about the District's financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net assets are reported, including capital contributions and additions to endowments. Operating revenues and expenses generally result from providing instructional, public, and auxiliary services, which is consistent with the District's mission. Accordingly, revenues such as tuition, educational grants, and sales of auxiliary services are considered to be operating revenues. Other revenues, such as property taxes and state appropriations, are not generated from operations and are considered to be nonoperating revenues. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense on debt, are considered to be nonoperating expenses.

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

Cash and Cash Equivalents - Cash and cash equivalents include cash on hand, cash in the bank, cash and investments held by the County Treasurer, and investments in the State Treasurer's Local Government Investment Pool. Cash equivalents are defined as investments with maturities of three months or less from the date of acquisition by the District.

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

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

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

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

Deferred Charges - For advance refunding resulting in defeasance of debt, the difference between the reacquisition price and net carrying amount of the old debt is deferred and amortized as a component of interest expense over the life of the refunded debt or the refunding debt, whichever is shorter. This deferred amount is reported as a deduction from the new debt liability on the statement of net assets.

Scholarship Allowances - Scholarship allowances represent the difference between the stated charge for goods and services provided by the District and the amount that is paid by the student or third parties making payments on behalf of the student. Accordingly, some types of student financial aid such as Pell grants and scholarships awarded by the District, are considered

NOTE 1 - Summary of Significant Accounting Policies (continued)

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

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

NOTE 2 - Deposits and Investments

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

The District must act as a prudent person dealing with the property of another by following the statutory guidelines for investment decisions. The District invests in U.S. government securities, repurchase agreements, 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, 2007, total cash on hand was \$219,350. The carrying amount of bank deposits on the District's accounting system was \$6,926,083. At June 30, 2007, the District's bank balance was \$15,697,439; \$15,413,413 was uninsured with collateral held by the pledging financial institution's trust department or agent but not in the District's name. The District does not have a formal policy with respect to custodial credit risk.

Investments

The District's investments at June 30, 2007, consist of the following:

State Treasurer's investment pools	\$314,242,907
Country Treasurer's investment pool	5,001,384
U. S. Treasury securities	86,664,657
Money market mutual fund	271,456
Guaranteed investment contract	240,000,000
Mutual funds – equity	82,198
Total	<u>\$646,262,602</u>

NOTE 2 - Deposits and Investments (continued)

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

Credit Risk

The District does not have a formal policy with respect to credit risk. At June 30, 2007, credit risk for the District's investments were as follows:

Investment Type	Rating	Rating Agency	Amount
State Treasurer's investment pools	Unrated	Not applicable	\$314,242,907
County Treasurer's investment pool	Unrated	Not applicable	5,001,384
Guaranteed investment contract	Unrated	Not applicable	240,000,000
Money market mutual fund	Aaa	Moody's	271,456
Total			<u><u>\$559,515,747</u></u>

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the counterparty's failure, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All securities purchased are required to be delivered to the District's custodian bank or held by an independent third-party financial institution in the name of the District. Additionally, District personnel are not affiliated or related to investment brokers or custodians in accordance with state statutes. The District's other investments are in investment pools and mutual funds – both of which are not subject to custodial credit risk. At June 30, 2007, the District had \$86,664,657 of United States Treasury Bills that were uninsured and held by the counterparty's trust department or agent not in the District's name.

Concentration of Credit Risk

The District does not have a formal policy with respect to concentration of credit risk. The District had investments at June 30, 2007, of \$240,000,000 in a guaranteed investment contract, comprising 37 percent of the District's total investments with AIG Matched Funding Corp.

NOTE 2 - Deposits and Investments (continued)

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, 2007, the District had the following investments in debt securities:

Investment Type	Amount	Weighted Average Maturity (Months)
State Treasurer's investment pool 5	\$135,490,845	2.81
State Treasurer's investment pool 7	178,752,062	1.65
County Treasurer's investment pool	5,001,384	15.93
Guaranteed investment contract	240,000,000	21.00
Money market mutual fund	271,456	1.20
U.S. Treasury securities	86,664,657	2.88
Total	<u>\$646,180,404</u>	

In April 2007, the District entered into a guaranteed investment contract that has a fixed interest rate over a two year period of time. The District has the ability to access these funds as needed over the remainder of the guaranteed investment contract. The District's portfolio weighted average maturity without the guaranteed investment contract is 2.48 months.

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

Cash, deposits and investments:		Statement of net assets:	
Cash on hand	\$ 219,350	Cash and cash equivalents	\$248,396,115
Deposits	6,926,083	Investments	82,198
Investments	646,262,602	Restricted assets:	
		Cash and cash equivalents	145,789,057
		Investments	259,140,665
Total	<u>\$653,408,035</u>	Total	<u>\$653,408,035</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 \$2,275,523)	\$ 6,774,549
Government grants	10,791,379
Private grants and contracts (net of allowance of \$71,494)	3,419,414
Student accounts (net of allowance of \$2,245,284)	4,107,955
Other (net of allowance of \$64,015)	2,778,909
Total current receivables	<u>\$ 27,872,206</u>

NOTE 3 - Current Receivables (continued)

Property taxes - The Maricopa County Treasurer is responsible for the collection of property taxes for all governmental entities within the county. The property taxes due the District are levied in August by the Maricopa County Treasurer. However, a lien assessed against real and personal property attaches on the first day of January preceding assessment and levy thereof. Property taxes are payable in two equal installments due in October and March. The delinquent tax dates are the second business days in November and May. Property taxes receivable consist of uncollected property taxes as determined from the records of the Maricopa County Treasurer's Office.

NOTE 4 - Capital Assets

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

	<u>Balance</u> <u>July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2007</u>
Capital assets not being depreciated:				
Land	\$ 37,044,457	\$ 17,378,658	-	\$ 54,423,115
Construction in progress	21,931,843	90,163,053	\$ 74,407,428	37,687,468
Total capital assets not being depreciated	<u>58,976,300</u>	<u>107,541,711</u>	<u>74,407,428</u>	<u>92,110,583</u>
Capital assets being depreciated:				
Buildings	434,040,233	43,459,368	-	477,499,601
Equipment	81,417,727	9,286,945	6,768,898	83,935,774
Improvements other than buildings	50,760,058	10,813,707	-	61,573,765
Library books	11,674,927	1,128,236	478,743	12,324,420
Total capital assets being depreciated	<u>577,892,945</u>	<u>64,688,256</u>	<u>7,247,641</u>	<u>635,333,560</u>
Less accumulated depreciation for:				
Buildings	168,239,384	15,836,419	-	184,075,803
Equipment	61,336,863	8,861,966	6,629,421	63,569,408
Improvements other than buildings	23,309,148	2,622,915	-	25,932,063
Library books	7,522,108	845,043	478,743	7,888,408
Total accumulated depreciation	<u>260,407,503</u>	<u>28,166,343</u>	<u>7,108,164</u>	<u>281,465,682</u>
Total capital assets being depreciated, net	<u>317,485,442</u>	<u>36,521,913</u>	<u>139,477</u>	<u>353,867,878</u>
Capital assets, net	<u>\$ 376,461,742</u>	<u>\$ 144,063,624</u>	<u>\$ 74,546,905</u>	<u>\$ 445,978,461</u>

The District has active construction projects with a remaining contractual commitment at June 30, 2007 of \$41,028,960. 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, 2007.

	<u>Balance, July 1, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2007</u>	<u>Due within one year</u>
Bonds payable:					
General obligation bonds	\$ 399,805,000	\$ 240,000,000	\$ 30,485,000	\$ 609,320,000	\$ 51,930,000
Revenue bonds	23,360,000	-	2,755,000	20,605,000	2,305,000
Premium on general obligation bonds	9,519,986	409,815	1,393,983	8,535,818	1,393,984
Premium on revenue bonds	298,092	-	18,285	279,807	18,285
Deferred charges on refunding	(5,511,585)	-	(982,880)	(4,528,705)	(982,880)
Capital leases	556,112	-	137,004	419,108	87,012
Rebatable arbitrage earnings	-	1,969,615	-	1,969,615	-
Compensated absences	23,827,989	3,226,788	888,455	26,166,322	1,308,316
Total long-term liabilities	<u>\$ 451,855,594</u>	<u>\$ 245,606,218</u>	<u>\$ 34,694,847</u>	<u>\$ 662,766,965</u>	<u>\$ 56,059,717</u>

Bonds Payable

The District's bonded debt consists of various issues of general obligation and revenue bonds. Bond proceeds primarily pay for improving, acquiring or constructing capital assets. Bonds have also been issued to advance refund previously issued bonds. Of the total general obligation bonds originally authorized in 1994 and 2004, \$521,093,000 remain unissued. Federal arbitrage regulations are applicable to all of the District's bond issues. Interest payments are due on a semi-annual basis. Bonds outstanding at June 30, 2007, were as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
General obligation bonds				
Project of 1994				
Series B (1997)	\$ 124,250,000	7/1/2007	6.00%	\$ 1,865,000
Series C (1999)	104,250,000	7/1/2007-15	3.25-5.25%	55,025,000
Refunding, Series A (1998)	65,145,000	7/1/2007-09	4.25-5.00%	29,560,000
Refunding, Series A&B (2002)	48,605,000	7/1/2007-11	5.00-5.25%	37,765,000
Refunding, Series A&B (2004)	66,610,000	7/1/2007-13	2.00-5.00%	64,835,000
Project of 2004, Series A (2005)	190,270,000	7/1/2007-19	3.00-4.50%	180,270,000
Project of 2004, Series B (2007)	240,000,000	7/1/2008-21	3.00-4.50%	240,000,000
Revenue bonds				
Series 1998	6,000,000	7/15/2007-10	4.50-4.70%	2,405,000
Series 2002	14,480,000	7/15/2007-22	3.00-4.63%	10,970,000
Series 2003	7,655,000	7/15/2007-23	2.25-5.00%	7,230,000
			Total	<u>\$ 629,925,000</u>

NOTE 5 - Long-term Liabilities (continued)

The following schedule details debt service requirements to maturity for the District's bonds payable at June 30, 2007.

Year Ending June 30:	General Obligation Bonds		Revenue Bonds		Total Debt Service Requirements
	Principal	Interest	Principal	Interest	
2008	\$ 51,930,000	\$ 21,647,509	\$ 2,305,000	\$ 806,652	\$ 76,689,161
2009	50,000,000	22,362,002	2,395,000	728,534	75,485,536
2010	74,350,000	19,677,055	1,905,000	649,415	96,581,470
2011	49,715,000	17,016,667	1,415,000	580,081	68,726,748
2012	53,600,000	14,746,201	795,000	533,980	69,675,181
2013-2017	196,440,000	44,161,064	4,450,000	2,166,843	247,217,907
2018-2022	133,285,000	10,847,583	5,455,000	1,121,701	150,709,284
2023-2024	-	-	1,885,000	77,925	1,962,925
Total	\$ 609,320,000	\$ 150,458,081	\$ 20,605,000	\$ 6,665,131	\$ 787,048,212

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

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

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

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

General Obligation Refunding Bonds, Series A (1998)

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

NOTE 5 - Long-term Liabilities (continued)

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

In July 2002, the District issued \$48,605,000 of general obligation bonds to advance refund \$11,020,000 of General Obligation (G.O.) Bonds, Series A (1995) and \$37,585,000 of Series B (1997). The District defeased these bonds by placing the proceeds of the new bonds in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability as of June 30, 2007, for the remaining defeased bonds of \$37,585,000 are not included in the District's financial statements. This issue of refunding bonds is not subject to early redemption.

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

In February 2004, the District issued \$66,610,000 of general obligation refunding bonds to advance refund \$3,235,000 of G.O. Bonds, Series A (1995) and \$63,375,000 of Series B (1997). The net proceeds were used to purchase U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide debt service on the old bonds. Accordingly, the trust account assets and the liability as of June 30, 2007, for the remaining defeased bonds of \$63,375,000 are not included in the District's financial statements. This issue of refunding bonds is not subject to early redemption.

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

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

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

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

Revenue Bonds, Series 1998

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

NOTE 5 - Long-term Liabilities (continued)

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 - 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	\$ 440,051,986
Contract services	53,373,323
Financial aid	36,564,556
Depreciation	28,166,343
Communications, utilities, and travel	19,761,928
Noncapitalized equipment	18,492,505
Supplies and materials	16,574,890
Subscriptions, dues, insurance, and rentals	9,441,457
Other expenses	4,200,608
Total	<u><u>\$ 626,627,596</u></u>

NOTE 7 - Retirement Plan

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

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

NOTE 7 - Retirement Plan (continued)

Funding Policy - The Arizona State Legislature establishes and may amend active plan members' and the District's contribution rates. For the year ended June 30, 2007, active plan members and the District were each required by statute to contribute at an actuarially determined rate of 9.1 percent (8.6 percent retirement and 0.5 percent long-term disability) of the members' annual covered payroll. The District's contributions to the System for the years ended June 30, 2007, 2006, and 2005, were \$26.5 million, \$20.0 million, and \$14.4 million, respectively. These amounts were equal to the required contributions for the year.

NOTE 8 - Risk Management

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

The District finances uninsured risks of loss for certain health benefits to eligible employees and their dependents. The healthcare plan provides coverage for amounts up to \$250,000 per claim. The District purchases commercial insurance for claims in excess of this limit, and utilizes a consultant to determine the required annual funding based upon anticipated utilization, cost trends, and benefit levels. An independent administrator provides claim and recordkeeping services. The District self-insures worker's compensation claims up to \$350,000 and purchases commercial insurance for claims exceeding \$350,000. Settled claims for worker's compensation and health benefits have not exceeded the District's commercial insurance coverage in any of the past three fiscal years.

The insurance claims payable liability of \$4,629,310 at June 30, 2007 includes the amounts payable for both health benefits and worker's compensation. It is the estimated cost of settling claims that have been reported but not settled and claims that have been incurred but not reported. This estimate is based on actuarial estimates. The District's claims payable for the fiscal years ended June 30, 2006 and June 30, 2007 are as follows:

	<u>2006</u>	<u>2007</u>
Claims payable, beginning of year	\$ 847,016	\$ 3,949,649
Current year actual and estimated claims	26,328,192	29,372,916
Less: Claim payments	23,225,559	28,693,255
Claims payable, end of year	<u>\$ 3,949,649</u>	<u>\$ 4,629,310</u>

NOTE 9 - Contingencies and Litigation

The District is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of business. A reasonable estimate of the probable losses, based on information currently available is \$1,089,500. This amount has been recognized as an expense and is included in accrued liabilities in the Statement of Net Assets. Other reasonably possible claims have been estimated to be \$350,000. 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 10 - Discretely Presented Component Unit Disclosures

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

NOTE 10 a - Organization Operations and Summary of Significant Accounting Policies

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

Basis of presentation - The financial statements are presented in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions - The Foundation accounts for contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted support, where restrictions are met in the same period as the donation is made, is shown as additions to restricted net assets.

Periodically, the Foundation acts as a pass through for certain contributions. During 2007, the Foundation agreed to act as administrator of certain contributions wherein multiple organizations, including the Foundation, are the eventual recipients. At June 30, 2007, the Foundation has such contributions payable of \$962,150 related to such amounts under administration and due to be disbursed to unrelated entities during the next fiscal year.

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

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

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

Endowment funds - Endowment funds investment earnings and fees are held in the endowment funds. The Foundation's policy is to distribute, for the stated purpose of each fund, 5% of a three-year average of the market value of each endowed fund as calculated at the end of each year. Actual investment earnings, in excess of (or less than) this 5% distribution, are added to (subtracted from) the endowment principal, according to the policy disclosed to the endowment donors. If these 5% transfers are not fully disbursed within a one-year period, the remaining amounts are transferred back to the endowment funds. For the year ended June 30, 2007, \$438,827 were eligible to be distributed, of which, \$202,757 was distributed and the unused funds of \$236,070 were transferred back to the endowment funds.

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

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

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

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

NOTE 10 b - Investments

Investments consist of the following:

Corporate bonds	\$ 4,564,140
Government securities	5,045,368
Equity securities	<u>7,846,562</u>
Total investments	<u>\$17,456,070</u>

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 237,501	\$ -	\$ 349,953	\$ 587,454
Net realized and unrealized gains (losses)	(21,655)	-	1,358,221	1,336,566
Brokerage fees	<u>(20,595)</u>	<u>-</u>	<u>(45,238)</u>	<u>(65,833)</u>
Total	<u>\$ 195,251</u>	<u>\$ -</u>	<u>\$ 1,662,936</u>	<u>\$ 1,858,187</u>

NOTE 10 c - Restricted Net Assets

Temporarily restricted net assets are available primarily for scholarship awards.

Permanently restricted net assets are to provide a permanent endowment, with the investment income restricted primarily for scholarship awards (see Note 10a – Endowment funds).

NOTE 10 d - Contributed Services

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

Supplemental Information

Maricopa County Community College District
Schedule of Revenues, Expenses, and Changes in Net Assets
By College/Center
For the Year Ended June 30, 2007

	<u>Phoenix College</u>	<u>Glendale Community College</u>	<u>GateWay Community College</u>	<u>Mesa Community College</u>	<u>Scottsdale Community College</u>
Operating revenues:					
Tuition and fees, net of scholarship allowance	\$ 10,347,466	\$ 17,588,585	\$ 8,366,618	\$ 26,709,286	\$ 13,409,742
Government grants and contracts	7,667,437	9,342,293	6,326,768	13,019,023	3,849,596
Private grants and contracts	72,543	386,666	1,144,671	798,913	278,861
Other	<u>695,877</u>	<u>973,244</u>	<u>1,152,735</u>	<u>1,660,641</u>	<u>1,969,301</u>
Total operating revenues	<u>18,783,323</u>	<u>28,290,788</u>	<u>16,990,792</u>	<u>42,187,863</u>	<u>19,507,500</u>
Operating expenses:					
Educational and general:					
Instruction	26,678,676	40,214,596	17,868,823	54,071,116	26,330,848
Public service	152,540	538,949	346,579	1,255,346	304,016
Academic support	6,208,907	7,671,346	2,781,998	10,213,565	5,476,410
Student services	7,563,320	9,670,792	4,967,274	12,085,644	5,257,618
Institutional support	7,355,681	5,722,850	6,320,961	11,917,960	4,163,010
Operation and maintenance of plant	5,398,625	6,368,724	2,771,041	6,987,900	4,884,860
Scholarships	477,772	389,203	118,691	826,381	254,352
Auxiliary enterprises	3,868,987	5,067,558	8,912,584	9,052,264	6,180,777
Depreciation	1,913,171	3,038,215	2,105,738	3,990,010	2,589,638
Other	-	9,500	10,450	11,188	12,358
Total operating expenses	<u>59,617,679</u>	<u>78,691,733</u>	<u>46,204,139</u>	<u>110,411,374</u>	<u>55,453,887</u>
Operating loss	(40,834,356)	(50,400,945)	(29,213,347)	(68,223,511)	(35,946,387)
Nonoperating revenues (expenses):					
Property taxes	34,475,880	49,160,841	25,042,285	68,032,538	30,433,074
State appropriations	5,171,481	8,559,342	3,555,993	11,943,729	4,900,965
State-shared sales tax	32,156	-	101,302	-	-
Private gifts	1,126,263	783,236	362,209	1,692,920	621,489
Investment earnings, net of investment expense	24,699	13,374	65	8,056	198
Interest expense on debt	(6,350)	-	-	-	(11,648)
Gain (loss) on sale/disposal of capital assets	<u>(6,507)</u>	<u>(12,185)</u>	<u>96,403</u>	<u>(3,562)</u>	<u>(13,337)</u>
Total Nonoperating revenues and expenses	<u>40,817,622</u>	<u>58,504,608</u>	<u>29,158,257</u>	<u>81,673,681</u>	<u>35,930,741</u>
Income (loss) before other revenues, expenses, gains or losses	(16,734)	8,103,663	(55,090)	13,450,170	(15,646)
Capital appropriations	-	-	-	-	-
Capital grants and gifts	<u>16,734</u>	<u>55,318</u>	<u>55,090</u>	<u>29,747</u>	<u>15,646</u>
Increase in net assets	<u>-</u>	<u>8,158,981</u>	<u>-</u>	<u>13,479,917</u>	<u>-</u>

See accompanying notes to supplemental information.

<u>Rio Salado College</u>	<u>South Mountain Community College</u>	<u>Chandler/Gilbert Community College</u>	<u>Paradise Valley Community College</u>	<u>Estrella Mountain Community College</u>	<u>District Support Services Center</u>	<u>Total Colleges/Centers</u>
\$ 26,855,325	\$ 3,030,162	\$ 9,582,632	\$ 8,594,898	\$ 5,691,015	\$ 11,056,505	\$ 141,232,234
12,414,152	4,039,597	2,714,906	3,028,318	3,668,495	3,992,090	70,062,675
657,724	35,345	28,010	234,893	33,382	894,736	4,565,744
353,311	152,673	450,652	325,084	308,137	5,603,033	13,644,688
<u>40,280,512</u>	<u>7,257,777</u>	<u>12,776,200</u>	<u>12,183,193</u>	<u>9,701,029</u>	<u>21,546,364</u>	<u>229,505,341</u>
30,759,226	10,285,836	16,577,054	17,076,689	11,036,577	1,872,258	252,771,699
5,256,139	460,192	143,898	93,256	195,852	4,522,539	13,269,306
8,237,842	3,568,612	4,457,465	3,486,411	2,352,743	3,817,755	58,273,054
6,199,924	3,682,230	3,383,890	4,367,188	3,744,426	1,509,215	62,431,521
8,530,918	2,838,341	5,833,126	3,433,578	5,455,842	40,523,732	102,095,999
2,113,780	1,866,644	3,897,744	3,021,080	3,002,878	1,931,490	42,244,766
234,191	163,718	216,140	77,911	100,848	288,273	3,147,480
12,564,535	1,646,212	2,490,587	2,835,958	3,824,552	7,198,692	63,642,706
2,185,242	1,350,364	3,833,003	1,833,834	1,716,456	3,610,672	28,166,343
-	-	226,800	250	-	314,176	584,722
<u>76,081,797</u>	<u>25,862,149</u>	<u>41,059,707</u>	<u>36,226,155</u>	<u>31,430,174</u>	<u>65,588,802</u>	<u>626,627,596</u>
(35,801,285)	(18,604,372)	(28,283,507)	(24,042,962)	(21,729,145)	(44,042,438)	(397,122,255)
57,393,293	16,525,588	23,715,475	21,678,763	18,790,813	19,287,923	364,536,473
11,336,453	1,697,114	3,971,897	3,681,368	2,709,958	-	57,528,300
-	-	-	-	-	10,121,463	10,254,921
6,262,581	387,579	586,079	219,246	227,396	116,548	12,385,546
185,836	-	31	95	-	21,034,619	21,266,973
-	-	(7,438)	-	-	(18,014,999)	(18,040,435)
<u>(37,710)</u>	<u>(6,843)</u>	<u>(384)</u>	<u>(22,021)</u>	<u>-</u>	<u>74,984</u>	<u>68,838</u>
<u>75,140,453</u>	<u>18,603,438</u>	<u>28,265,660</u>	<u>25,557,451</u>	<u>21,728,167</u>	<u>32,620,538</u>	<u>448,000,616</u>
39,339,168	(934)	(17,847)	1,514,489	(978)	(11,421,900)	50,878,361
-	-	-	-	-	11,421,900	11,421,900
299	934	466,473	17,851	978	-	659,070
<u>39,339,467</u>	<u>-</u>	<u>448,626</u>	<u>1,532,340</u>	<u>-</u>	<u>-</u>	<u>62,959,331</u>
						354,917,441
						\$ <u>417,876,772</u>

Net assets - July 1, 2006

Total net assets, June 30, 2007

Maricopa County Community College District
Notes to Supplemental Information
For the Year Ended June 30, 2007

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, 2007, is required by the terms of a Memorandum of Understanding (MOU) between the Maricopa County Community College District (the District) and the Higher Learning Commission (HLC), a commission of the North Central Association of Colleges and Schools (NCA). The MOU outlines an appropriate pattern of evidence to be made available by the District for purposes of meeting certain NCA Criteria for Accreditation related to financial resources/uses and other assurances. This schedule presents revenues and expenses for each college/center within the District.

NOTE 2 - Basis of Allocation

The District receives and records property taxes and state appropriations revenues on behalf of the colleges. For the purpose of this schedule, these revenues are allocated to the colleges on the basis of full-time student equivalents, and a distribution of District Support Services Center costs.



Statistical Section

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

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

(Dollars in Thousands)

	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
Invested in capital assets, net of related debt	\$ 109,963	\$ 103,429	\$ 102,171	\$ 123,051	\$ 104,498	\$ 93,610
Restricted -- nonexpendable	921	1,040	1,002	893	871	223
Restricted -- expendable	147,832	115,033	91,755	57,138	57,868	63,268
Unrestricted	<u>159,161</u>	<u>135,415</u>	<u>119,194</u>	<u>107,089</u>	<u>104,126</u>	<u>103,772</u>
 Total net assets	 <u>\$ 417,877</u>	 <u>\$ 354,917</u>	 <u>\$ 314,122</u>	 <u>\$ 288,171</u>	 <u>\$ 267,363</u>	 <u>\$ 260,873</u>

Source: Comprehensive Annual Financial Reports for years presented.

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

**Maricopa County Community College District
Schedule of Expenses by Identifiable Activity
Last Six Fiscal Years**

(Dollars in Thousands)

	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
Instruction	\$ 252,772	\$ 237,735	\$ 216,254	\$ 201,072	\$ 187,296	\$ 175,597
Public service	13,269	13,552	14,729	13,465	13,907	12,163
Academic support	58,273	54,342	48,265	45,753	39,681	38,990
Student services	62,432	62,467	63,960	60,189	53,499	49,532
Institutional support	102,096	91,872	87,193	84,004	75,377	73,257
Operation and maintenance of plant	42,245	37,664	28,740	26,709	30,377	30,998
Scholarships	3,147	2,901	3,467	3,102	2,280	2,549
Auxiliary enterprises	63,643	63,601	59,790	54,795	44,912	45,083
Depreciation	28,166	22,470	25,047	21,193	24,236	21,498
Other	585	602	4,233	5,541	5,910	221
Total operating expenses	<u>626,628</u>	<u>587,206</u>	<u>551,678</u>	<u>515,823</u>	<u>477,475</u>	<u>449,888</u>
Interest expense on debt	18,040	17,365	13,709	12,618	14,421	15,317
Loss on disposal of capital assets	-	-	326	-	198	-
Total nonoperating expenses	<u>18,040</u>	<u>17,365</u>	<u>14,035</u>	<u>12,618</u>	<u>14,619</u>	<u>15,317</u>
Total expenses	<u>\$ 644,668</u>	<u>\$ 604,571</u>	<u>\$ 565,713</u>	<u>\$ 528,441</u>	<u>\$ 492,094</u>	<u>\$ 465,205</u>

Source: Comprehensive Annual Financial Reports for years presented.

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

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

(Dollars in Thousands)

	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
Salaries and benefits	\$ 440,052	\$ 410,438	\$ 382,588	\$ 357,983	\$ 326,304	\$ 301,700
Contract services	53,373	48,746	44,639	39,951	38,071	37,511
Financial aid	36,565	37,481	41,981	38,714	33,634	29,829
Depreciation	28,166	22,470	25,047	21,192	24,236	21,498
Communications, utilities, and travel	19,762	19,431	18,505	17,213	17,131	16,747
Noncapitalized equipment	18,493	19,208	11,117	12,003	13,044	16,718
Supplies and materials	16,575	18,422	17,824	18,202	16,579	15,556
Subscriptions, dues, insurance, and rentals	9,441	8,511	7,225	6,964	6,473	6,320
Other expenses	4,201	2,499	2,752	3,601	2,003	4,009
Total operating expenses	<u>626,628</u>	<u>587,206</u>	<u>551,678</u>	<u>515,823</u>	<u>477,475</u>	<u>449,888</u>
Interest expense on debt	18,040	17,365	13,709	12,618	14,421	15,317
Loss on sale/disposal of capital assets	-	-	326	-	198	-
Total nonoperating expenses	<u>18,040</u>	<u>17,365</u>	<u>14,035</u>	<u>12,618</u>	<u>14,619</u>	<u>15,317</u>
Total expenses	<u>\$ 644,668</u>	<u>\$ 604,571</u>	<u>\$ 565,713</u>	<u>\$ 528,441</u>	<u>\$ 492,094</u>	<u>\$ 465,205</u>

Source: Comprehensive Annual Financial Reports for years presented.

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

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

(Dollars in Thousands)

	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
Tuition and fees, net of scholarship allowance	\$ 141,232	\$ 127,543	\$ 116,027	\$ 102,641	\$ 91,855	\$ 85,149
Government grants and contracts	70,062	72,199	77,387	73,150	64,190	50,495
Private grants and contracts	4,566	4,052	3,202	3,435	3,136	3,051
Other	13,645	15,028	11,590	10,862	10,644	8,715
Total operating revenues	<u>229,505</u>	<u>218,822</u>	<u>208,206</u>	<u>190,088</u>	<u>169,825</u>	<u>147,410</u>
Property taxes	364,536	324,593	296,179	281,831	259,813	242,127
State appropriations	57,528	54,863	51,291	46,614	46,891	48,294
State-shared sales tax	10,255	8,436	7,712	5,926	5,208	4,436
Private gifts	12,386	9,962	10,504	10,595	9,887	8,569
Investment income, net of investment expense	21,267	16,947	7,127	3,710	(1,627)	8,996
Gain on sale/disposal of capital assets	69	207	-	26	-	92
Total nonoperating revenues	<u>466,041</u>	<u>415,008</u>	<u>372,813</u>	<u>348,702</u>	<u>320,172</u>	<u>312,514</u>
Total revenues	<u>\$ 695,546</u>	<u>\$ 633,830</u>	<u>\$ 581,019</u>	<u>\$ 538,790</u>	<u>\$ 489,997</u>	<u>\$ 459,924</u>

Source: Comprehensive Annual Financial Reports for years presented.

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

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

(Dollars in Thousands)

	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
Income/loss before other changes in net assets	\$ 50,878	\$ 29,259	\$ 15,307	\$ 10,349	\$ (2,098)	\$ (5,281)
Capital appropriations	11,422	10,978	10,372	8,310	8,310	8,238
Capital grants and gifts	659	558	272	2,149	279	694
Total change in net assets	<u>\$ 62,959</u>	<u>\$ 40,795</u>	<u>\$ 25,951</u>	<u>\$ 20,808</u>	<u>\$ 6,491</u>	<u>\$ 3,651</u>

Source: Comprehensive Annual Financial Reports for years presented.

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

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

Fiscal Year	Property Values Assessed			Total Direct Tax Rate	Total Secured and Unsecured Estimated Market Value	Total Secondary Assessed Value as a Percent of Total Market Value
	Secured	Unsecured	Total			
1997-98	\$14,854,238	\$ 869,260	\$ 15,723,498	\$ 1.1346	\$ 120,276,555	13.1 %
1998-99	15,891,850	921,167	16,813,017	1.1125	128,171,305	13.1
1999-00	17,749,278	927,553	18,676,831	1.1285	142,792,237	13.1
2000-01	19,813,298	1,064,418	20,877,716	1.1194	160,906,987	13.0
2001-02	21,748,902	1,164,233	22,913,135	1.1107	180,653,046	12.7
2002-03	23,303,140	1,153,907	24,457,047	1.1127	194,235,322	12.6
2003-04	26,405,899	1,072,089	27,477,988	1.0785	226,293,568	12.1
2004-05	28,811,532	1,255,455	30,066,987	1.0372	245,835,672	12.2
2005-06	31,886,842	1,310,376	33,197,218	1.0315	273,817,028	12.1
2006-07	34,922,001	1,372,693	36,294,694	1.0646	301,474,323	12.0

Source: Maricopa County Department of Finance.

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

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

Fiscal Year	Maricopa County Community College District			Maricopa County	Education Equalization	Central Arizona Water Conservation District	Other Special Districts	School Districts	Cities
	Primary Levy	Secondary Levy	Total						
1997-98	\$.9747	\$.1599	\$ 1.1346	\$ 1.65	\$.53	\$.14	\$ 0 - 4.35	\$.83 - 12.04	\$ 0 - 2.20
1998-99	.9866	.1259	1.1125	1.65	.53	.14	0 - 3.49	.11 - 10.64	0 - 2.20
1999-00	.9741	.1544	1.1285	1.62	.52	.14	0 - 2.99	.28 - 10.05	0 - 2.25
2000-01	.9691	.1503	1.1194	1.57	.51	.13	0 - 3.33	.12 - 9.49	0 - 2.08
2001-02	.9583	.1524	1.1107	1.54	.50	.13	0 - 4.00	.11 - 9.76	0 - 2.24
2002-03	.9634	.1493	1.1127	1.54	.49	.13	0 - 5.10	.47 - 13.65	0 - 2.04
2003-04	.9410	.1375	1.0785	1.54	.47	.12	0 - 3.65	.77 - 11.81	0 - 2.67
2004-05	.9211	.1161	1.0372	1.47	.46	.12	1 - 3.86	1.09 - 14.35	0 - 2.41
2005-06	.8936	.1379	1.0315	1.20	.44	.12	0 - 3.86	1.02 - 14.33	0 - 2.43
2006-07	.8815	.1831	1.0646	1.18	.00	.12	0 - 3.86	.88 - 14.72	0 - 2.97

Source: District records and Maricopa County Department of Finance.

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

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

Taxpayer	Fiscal Year 2006-07			Fiscal Year 1997-98		
	2006-2007 Secondary Assessed Value	Rank	Percentage of 2006-2007 Secondary Assessed Value	1997-1998 Secondary Assessed Value	Rank	Percentage of 1997-1998 Secondary Assessed Value
Arizona Public Service	\$ 992,712,683	1	2.73 %	\$ 830,340,999	1	5.28 %
Qwest/US West	364,116,019	2	1.00	327,113,265	2	2.08
Southwest Gas Corporation	160,149,286	3	0.44	92,575,858	8	0.59
Southern California Edison Company	155,952,078	4	0.43	262,149,091	3	1.67
El Paso Electric Co.	134,510,032	5	0.37	261,846,108	4	1.67
Intel Corporation	112,778,048	6	0.31	*		
Public Service Company of New Mexico	76,751,231	7	0.21	141,649,915	6	0.90
Wells Fargo Bank, NA	76,298,346	8	0.21	*		
Target Corporation	75,333,484	9	0.21	*		
Wal-Mart Stores Inc.	74,140,315	10	0.20	*		
Motorola GEG SPS Computer Group, Inc.	*			177,848,495	5	1.13
Southern California Public Power Authority	*			97,996,826	7	0.62
City of Los Angeles Dept. of Water & Power	*			71,055,250	9	0.45
AT&T/Wireless Services	*			43,302,972	10	0.28
Total Principal Taxpayers	<u>\$ 2,222,741,522</u>		<u>6.11 %</u>	<u>\$ 2,305,878,779</u>		<u>14.67 %</u>
Countywide Secondary Valuation	<u>\$36,320,727,275</u>			<u>\$15,723,498,194</u>		

Source: Maricopa County Treasurer's Office.

Note: Salt River Project, a local utility, pays an in-lieu tax based on an estimated assessed valuation. The net assessed valuation for tax year 2006 is \$527,582,234.

* Tax payers did not fall within the top 10 for the year identified

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

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)		Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Adjustments	Amount		Percentage of Original Levy	Amount		Percentage of Adjusted Levy	
2001-02	\$ 202,681,121	\$ (1,734,191)	\$200,946,930	\$ 196,163,488	96.78 %	\$ 4,601,692	\$200,765,180	99.91 %
2002-03	220,138,194	(1,747,596)	218,390,598	213,978,155	97.20	4,015,486	217,993,641	99.82
2003-04	239,708,940	(1,974,366)	237,734,574	232,995,411	97.20	4,380,103	237,375,514	99.85
2004-05	258,792,496	(2,761,487)	256,031,009	251,769,652	97.29	4,031,668	255,801,320	99.91
2005-06	277,063,231	(2,801,288)	274,261,943	268,737,564	97.00	5,202,394	273,939,958	99.88
2006-07	298,843,188	(2,210,968)	296,632,220	289,283,824	96.80	-	289,283,824	97.52

Sources: Maricopa County Treasurer and District records.

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

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

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

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

District Historic Tuition and Fees

Fiscal Year	Per Credit Hour			Annual Cost Per Full-time Student	Increase	
	General Tuition	Fees	Combined Total		Dollars	Percent
1997-98	\$ 26.00	\$ 11.00	\$ 37.00	\$1,110.00	\$ 90.00	8.82 %
1998-99	27.00	11.00	38.00	1,140.00	30.00	2.70
1999-00	28.00	12.00	40.00	1,200.00	60.00	5.26
2000-01	28.50	12.50	41.00	1,230.00	30.00	2.50
2001-02	30.50	12.50	43.00	1,290.00	60.00	4.88
2002-03	33.50	12.50	46.00	1,380.00	90.00	6.98
2003-04	38.50	12.50	51.00	1,530.00	150.00	10.87
2004-05	53.50	1.50	55.00	1,650.00	120.00	7.84
2005-06	58.50	1.50	60.00	1,800.00	150.00	9.09
2006-07	63.50	1.50	65.00	1,950.00	150.00	8.33

**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
1997-98	\$ 1,110	8.82 %	\$ 1,314	2.98 %	\$ 2,058	2.44 %
1998-99	1,140	2.70	1,327	0.99	2,158	4.86
1999-00	1,200	5.26	1,338	0.83	2,259	4.68
2000-01	1,230	2.50	1,333	(0.37)	2,344	3.76
2001-02	1,290	4.88	1,380	3.53	2,486	6.06
2002-03	1,380	6.98	1,483	7.46	2,583	3.90
2003-04	1,530	10.87	1,702	14.77	3,593	39.10
2004-05	1,650	7.84	1,849	8.64	4,074	13.39
2005-06	1,800	9.09	1,935	4.65	4,428	8.69
2006-07	1,950	8.33	2,309 (2)	19.33 (2)	4,662	5.28

Source: District records.

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

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

Note 3: Arizona Board of Regents, Tuition History.

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

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

	For the Fiscal Year Ended June 30				
	2007	2006	2005	2004	2003
General Bonded Debt					
General obligation bonds	\$ 609,320	\$ 399,805	\$ 424,710	\$ 261,015	\$ 284,815
Per capita	\$ 160.66	\$ 109.58	\$ 120.51	\$ 74.61	\$ 84.05
Per student	\$ 2,598.11	\$ 1,677.33	\$ 1,774.70	\$ 1,101.69	\$ 1,220.62
Per FTSE	\$ 8,759.44	\$ 5,709.46	\$ 5,949.40	\$ 3,804.22	\$ 4,393.53
Other Debt					
Revenue bonds	\$ 20,605	\$ 23,360	\$ 25,975	\$ 29,005	\$ 24,600
Certificates of participation	-	-	-	-	-
Capital lease obligations	419	556	692	335	67
Total outstanding debt	<u>\$ 630,344</u>	<u>\$ 423,721</u>	<u>\$ 451,377</u>	<u>\$ 290,355</u>	<u>\$ 309,482</u>
Per capita	\$ 166.20	\$ 116.13	\$ 128.08	\$ 82.99	\$ 91.33
Per student	\$ 2,687.76	\$ 1,777.67	\$ 1,886.13	\$ 1,225.52	\$ 1,326.33
Per FTSE	\$ 9,061.68	\$ 6,051.00	\$ 6,322.96	\$ 4,231.84	\$ 4,774.04

	For the Fiscal Year Ended June 30				
	2002	2001	2000	1999	1998
General Bonded Debt					
General obligation bonds	\$ 305,750	\$ 322,535	\$ 283,035	\$ 300,270	\$ 205,085
Per capita	\$ 92.84	\$ 100.92	\$ 91.40	\$ 99.92	\$ 70.50
Per student	\$ 1,364.84	\$ 1,496.65	\$ 1,330.67	\$ 1,433.41	\$ 1,117.26
Per FTSE	\$ 5,114.67	\$ 5,715.26	\$ 5,277.25	\$ 5,788.78	\$ 4,283.67
Other Debt					
Revenue bonds	\$ 12,295	\$ 14,375	\$ 16,355	\$ 18,175	\$ 19,610
Certificates of participation	-	-	-	905	1,735
Capital lease obligations	155	135	198	772	964
Total outstanding debt	<u>\$ 318,200</u>	<u>\$ 337,045</u>	<u>\$ 299,588</u>	<u>\$ 320,122</u>	<u>\$ 227,394</u>
Per capita	\$ 96.62	\$ 105.46	\$ 96.74	\$ 106.53	\$ 78.17
Per student	\$ 1,420.42	\$ 1,563.98	\$ 1,408.49	\$ 1,528.17	\$ 1,238.80
Per FTSE	\$ 5,322.94	\$ 5,972.37	\$ 5,585.89	\$ 6,171.50	\$ 4,749.64

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

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

Fiscal Year	Gross Revenues	Debt Service Requirements			Coverage Ratio
		Principal	Interest	Total	
1997-98	\$ 34,432,022	\$ 1,435,000	\$ 708,966	\$ 2,143,966	16.1
1998-99	34,665,465	1,820,000	873,827	2,693,827	12.9
1999-00	39,835,460	1,980,000	796,007	2,776,007	14.3
2000-01	44,346,859	2,080,000	699,732	2,779,732	16.0
2001-02	45,973,895	2,175,000	538,586	2,713,586	16.9
2002-03	49,802,554	3,250,000	952,916	4,202,916	11.8
2003-04	58,563,224	3,030,000	1,145,310	4,175,310	14.0
2004-05	61,263,265	2,615,000	1,017,282	3,632,282	16.9
2005-06	65,315,322	2,755,000	899,566	3,654,566	17.9
2006-07	65,855,635	2,305,000	806,652	3,111,652	21.2

Source: District records.

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

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

Fiscal Year	<u>2006-2007</u>	<u>2005-2006</u>	<u>2004-2005</u>	<u>2003-2004</u>	<u>2002-2003</u>
Debt Limit	\$ 5,444,204,040	\$ 4,979,582,760	\$ 4,510,048,001	\$ 4,121,698,129	\$ 3,668,557,092
Total net debt applicable to limit	<u>557,390,000</u>	<u>369,320,000</u>	<u>399,805,000</u>	<u>234,440,000</u>	<u>261,015,000</u>
Legal debt margin	<u>4,886,814,040</u>	<u>4,610,262,760</u>	<u>4,110,243,001</u>	<u>3,887,258,129</u>	<u>3,407,542,092</u>
Total net debt applicable to the limit as a percentage of debt limit	10.24%	7.42%	8.86%	5.69%	7.11%
Fiscal Year	<u>2001-2002</u>	<u>2000-2001</u>	<u>1999-2000</u>	<u>1998-1999</u>	<u>1997-1998</u>
Debt Limit	\$ 3,436,970,172	\$ 3,131,657,332	\$ 2,801,524,627	\$ 2,521,952,589	\$ 2,358,524,729
Total net debt applicable to limit	<u>284,815,000</u>	<u>305,750,000</u>	<u>272,392,803</u>	<u>284,727,121</u>	<u>206,605,447</u>
Legal debt margin	<u>3,152,155,172</u>	<u>2,825,907,332</u>	<u>2,529,131,824</u>	<u>2,237,225,468</u>	<u>2,151,919,282</u>
Total net debt applicable to the limit as a percentage of debt limit	8.29%	9.76%	9.72%	11.29%	8.76%

Legal Debt Margin Calculation for Fiscal Year 2007

Secondary Assessed Value of Real and Personal Property	<u>\$ 36,294,693,601</u>
Debt Limit, 15% of Secondary Assessed Value	<u>\$ 5,444,204,040</u>
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonded Debt	609,320,000
Amount Available for Debt Repayment	<u>(51,930,000)</u>
Total Debt Applicable to Debt Limit	<u>557,390,000</u>
Legal Debt Margin	<u>\$ 4,886,814,040</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>
2007	3,792,675	Not Available (1)	Not Available (1)	3.0 %
2006	3,648,545	Not Available (1)	Not Available (1)	3.7
2005	3,638,481	120,716,738	33,178	4.1
2004	3,498,347	110,278,789	31,523	4.6
2003	3,389,229	101,378,940	29,912	5.6
2002	3,296,739	96,998,974	29,423	5.9
2001	3,198,064	93,544,549	29,250	4.0
2000	3,097,240	89,771,608	28,984	3.4
1999	3,004,985	80,924,901	26,930	3.3
1998	2,909,040	75,639,499	26,002	2.8

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

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

Employer	2006-2007		1997-1998	
	Number of Full-Time Equivalent Employees in Arizona	Rank	Number of Full-Time Equivalent Employees in Arizona	Rank
State of Arizona	49,305	1	59,719	1
Wal-Mart Stores, Inc.	28,800	2	10,128	7
Banner Health System	16,400	3	*	
City of Phoenix	14,166	4	12,184	3
Maricopa County	13,274	5	11,259	5
Arizona State University	12,083	6	*	
Wells Fargo & Company	11,800	7	*	
Fry's Food & Drug Stores	11,780	8	*	
United States Postal Service	11,000	9	10,782	6
Raytheon Co.	10,750	10	*	
Motorola	*		19,642	2
Samaritan Health System	*		11,796	4
Allied Signal Inc.	*		9,169	8
Intel Corp.	*		7,972	9
American Express Co.	*		7,800	10

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

Source: The Business Journal, Book of Lists.

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

	For the Fiscal Year Ended June 30				
	2007	2006	2005	2004	2003
Faculty					
Part-time	6,061	6,131	4,886	4,487	3,142
Full-time	1,376	1,386	1,307	1,275	1,237
Administrative & support staff	2,914	2,942	2,861	2,763	2,678
Total employees	10,351	10,459	9,054	8,525	7,057
Students per faculty member	32	32	39	41	53
Students per staff member	80	81	84	86	87
Average class size	21	22	19	18	18

	For the Fiscal Year Ended June 30				
	2002	2001	2000	1999	1998
Faculty					
Part-time	3,414	3,648	4,861	4,562	2,689
Full-time	1,203	1,159	1,091	1,022	1,079
Administrative & support staff	2,560	2,365	2,204	2,013	1,793
Total employees	7,177	7,172	8,156	7,597	5,561
Students per faculty member	49	45	36	38	49
Students per staff member	88	91	97	104	102
Average class size	17	17	20	19	21

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

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

Historic Headcount

<u>College/Center</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>
Phoenix	20,275	20,927	20,872	22,480	22,296	22,289	21,463	21,533	20,660	19,342
Glendale	30,767	32,201	33,694	34,360	33,888	33,259	33,174	32,965	30,975	29,180
GateWay	15,633	16,063	15,947	15,918	16,251	15,954	17,117	15,525	14,860	15,185
Mesa	41,594	43,371	45,098	43,931	41,941	39,869	38,542	38,270	38,589	37,247
Scottsdale	17,866	18,719	19,000	19,639	20,028	19,380	18,095	17,763	16,817	16,074
Rio Salado	48,761	46,806	44,203	41,280	38,419	36,097	34,198	30,410	31,072	25,733
South Mountain	7,212	7,534	7,308	7,200	6,587	6,163	5,764	5,286	5,105	4,470
Chandler-Gilbert	14,033	13,240	12,707	12,416	12,179	10,712	10,038	9,377	7,975	6,872
Paradise Valley	14,006	13,958	13,640	13,004	12,480	12,687	11,600	11,020	10,355	9,965
Estrella Mountain	9,938	9,886	9,705	9,040	8,922	8,291	7,441	7,303	6,836	5,338
Skill Centers	1,815	1,757	1,791	3,019	2,599	2,917	2,197	1,961	1,868	1,505
Adult Basic Education	12,624	13,896	15,349	14,636	17,747	16,401	15,875	21,288	24,368	12,649
Total	234,524	238,358	239,314	236,923	233,337	224,019	215,504	212,701	209,480	183,560

Historic FTSE

<u>College/Center</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>
Phoenix	6,253	6,546	6,847	6,908	6,761	6,297	6,015	5,998	5,826	5,592
Glendale	10,248	10,566	11,242	11,017	10,681	9,760	9,685	9,391	9,070	8,707
GateWay	3,805	3,847	3,728	3,703	3,441	3,046	2,881	2,647	2,601	2,576
Mesa	14,432	14,999	15,804	15,116	14,410	13,375	12,510	12,294	12,341	11,822
Scottsdale	5,926	6,006	6,359	6,396	6,210	5,784	5,316	5,049	4,819	4,624
Rio Salado	12,127	11,620	10,949	9,939	8,771	8,201	8,176	7,310	7,196	6,076
South Mountain	2,052	2,067	2,094	2,014	1,838	1,633	1,515	1,446	1,440	1,367
Chandler-Gilbert	4,803	4,501	4,432	4,230	3,849	3,358	2,927	2,503	2,172	1,913
Paradise Valley	4,451	4,378	4,288	3,970	3,724	3,448	3,275	3,087	2,819	2,571
Estrella Mountain	3,045	2,887	2,986	2,587	2,461	2,116	1,881	1,772	1,641	1,243
Skill Center	727	780	897	998	1,114	1,276	969	962	831	885
Adult Basic Education	1,692	1,828	1,761	1,734	1,566	1,485	1,284	1,174	1,115	500
Total	69,561	70,025	71,387	68,612	64,826	59,779	56,434	53,633	51,871	47,876

Degrees and Certificates Awarded

Associate of Arts	2,330	1,897	1,481	825	616	900	1,312	1,475	1,759	1,612
Associate of Applied Science	2,331	2,233	2,056	1,954	1,687	1,516	1,385	1,273	1,280	1,426
Associate of Business	293	244	179	139	99	53	35	6	-	-
Associate of General Studies	896	1,042	1,326	1,626	1,546	1,402	1,076	659	675	707
Associate in Science	292	237	169	66	44	28	15	12	13	26
Associate of Transfer Partnership	426	512	569	568	510	388	255	65	-	-
Academic Certificate	13	-	-	-	-	-	-	-	1	5
Certificates of Completion in Occupational Programs	8,123	11,107	9,330	8,647	7,390	7,283	10,172	6,149	5,697	7,184
Arizona General Education Certificate	4,650 (1)									

Source: District records.

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

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

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

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

Fiscal Year	Attendance		Enrollment Status			Residency			
	FT	PT	Continuing	First Time	Readmit	Resident	Out of County	Out of State	Foreign
1997-98	22 %	78 %	44 %	40 %	16 %	94 %	2 %	3 %	1 %
1998-99	22	78	43	41	16	94	2	3	1
1999-00	22	78	43	42	15	94	2	3	1
2000-01	21	79	42	42	16	93	2	3	2
2001-02	22	78	43	41	16	93	3	2	2
2002-03	23	77	45	40	15	92	4	3	1
2003-04	25	75	47	38	15	92	3	4	1
2004-05	25	75	47	38	15	92	3	4	1
2005-06	24	76	47	38	15	92	3	4	1
2006-07	24	76	46	39	15	92	3	4	1

Fiscal Year	Gender		Ethnic Background						Median Age
	M	F	Native American	Asian	African American	Hispanic	Anglo	Other	
1997-98	44 %	56 %	3 %	3 %	4 %	15 %	68 %	7 %	25
1998-99	44	56	3	3	4	16	66	8	24
1999-00	44	56	3	4	4	16	64	9	24
2000-01	44	56	3	4	4	17	62	10	24
2001-02	44	56	3	4	4	17	61	11	24
2002-03	44	56	3	4	5	17	60	11	24
2003-04	43	57	3	4	5	17	59	12	24
2004-05	43	57	3	3	5	18	59	12	23
2005-06	43	57	3	4	5	19	58	11	23
2006-07	42	58	3	4	5	20	58	10	23

Source: District records.

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

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



M A R I C O P A
C O M M U N I T Y
C O L L E G E S



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