

# Maricopa County Community College District

Phoenix, Arizona

Chandler-Gilbert

Estrella Mountain

GateWay

Glendale

Maricopa  
Corporate College

Mesa

Paradise Valley

Phoenix

Rio Salado

Scottsdale

South Mountain



Mesa Community College

## Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015







# **Comprehensive Annual Financial Report**

**Fiscal Year Ended June 30, 2015**

**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, 2015**

Table of Contents

**Introductory Section**

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

**Financial Section**

Independent Auditors' Report.....	14
Management's Discussion and Analysis.....	17
Basic Financial Statements:	
Statement of Net Position – Primary Government .....	25
Statement of Financial Position – Component Unit.....	26
Statement of Revenues, Expenses, and Changes in Net Position – Primary Government.....	27
Statement of Activities – Component Unit .....	28
Statement of Cash Flows – Primary Government .....	29
Notes to Financial Statements .....	31
Required Supplemental Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability.....	57
Schedule of District Pension Contribution .....	58
Supplemental Information:	
Schedule of Revenues, Expenses, and Changes in Net Position by College/Center .....	59
Notes to Supplemental Information.....	61

**Statistical Section**

Financial Trends:	
Schedule of Net Position by Component – Last Ten Fiscal Years.....	62
Schedule of Expenses by Identifiable Activity – Last Ten Fiscal Years.....	63
Schedule of Expenses by Use – Last Ten Fiscal Years.....	64
Schedule of Revenues by Source – Last Ten Fiscal Years .....	65
Schedule of Other Changes in Net Position – Last Ten Fiscal Years .....	66
Revenue Capacity:	
Assessed Value and Estimated Market Value of Taxable Property – Last Ten Fiscal Years .....	67
Property Tax Rates, Direct and Overlapping Governments – Last Ten Fiscal Years .....	68
Principal Taxpayers – Current Year and Nine Years Ago .....	69
Property Tax Levies and Collections – Last Ten Fiscal Years .....	70
Historic Tuition and Fees – Last Ten Fiscal Years .....	71
Debt Capacity:	
Schedule of Ratios of Outstanding Debt – Last Ten Fiscal Years .....	72
Revenue Bond Coverage – Last Ten Fiscal Years .....	73
Computation of Legal Debt Margin – Last Ten Fiscal Years .....	74
Demographic and Economic Information:	
Schedule of Demographic and Economic Statistics – Last Ten Fiscal Years .....	75
Top 10 Employers in Maricopa County – Current Year and Nine Years Ago .....	76
Operating Information:	
Employee Statistics – Last Ten Fiscal Years .....	77
Enrollment and Degree Statistics – Last Ten Fiscal Years .....	78
Student Enrollment Demographic Statistics – Last Ten Fiscal Years.....	79
Schedule of Capital Asset Information – Last Ten Fiscal Years.....	80





# Introductory Section





December 23, 2015

To the Citizens of Maricopa County:

The overarching goal of the Maricopa Community Colleges is to help all of our students achieve success, however they define it. To be able to reach this goal, we need to ensure that we remain financially strong. This Comprehensive Annual Financial Report for the fiscal year ending June 30, 2015, provides a description of the financial strength that allows us to serve our community and help students achieve their goals.



The District continues to maintain its “triple A” bond ratings from the three major national bond rating agencies for our general obligation bonds. It is a point of pride for us that we have held those ratings since 2007. Our taxpayers continue to benefit from those ratings because whenever we issue bonds to borrow money, we pay a lower interest rate than we would if our ratings were lower.

The actions of the 2015 session of the Arizona State Legislature resulted in the total elimination of state aid funding for the Maricopa Community Colleges. This divestiture in funding causes us to conclude that our colleges can no longer expect state formula funding to support the district budget.

We are actively working to find new ways to replace that lost money and to generate revenue that will allow us to continue to provide the most relevant education, support services, and the latest technology to our students. That’s why we are actively pursuing new and innovative revenue streams and financial solutions. One constraint to our ability to adapt in these changing financial times is that our District operates under the provisions of a 1980 Constitutional amendment such that if we reach the limits imposed on us, we would have to give back to the State a dollar for every new dollar of entrepreneurial revenue that we raise. We are asking elected officials to help us find the best way to ease these legal restrictions and empower us, instead, to be more innovative and entrepreneurial.

One new revenue-stream opportunity that Maricopa has developed is the Maricopa Corporate College (MCOR), now in its third year of operation. MCOR is designed to provide customized workforce training solutions and strategic consulting to employers and professional organizations. It already is providing training solutions to a number of Maricopa County employers.

Our colleges continue to remain focused on helping students who have enrolled stay in college until they reach their educational goals. One area that we have identified that is particularly important is developmental education, which helps students who are not ready for college-level work bring their skills up to college level. Developmental education is crucially important because approximately 60% of incoming students need developmental courses in English, reading, mathematics, or some combination of the three. Several of our colleges have begun developmental education initiatives with promising results.

The financial report on the following pages is an indication of our District’s commitment to providing quality educational services while remaining good stewards of taxpayer dollars. If after reading it you have questions about the District’s financial management, please call us for more information.

Sincerely,

Rufus Glasper, Ph.D., CPA  
Chancellor

December 23, 2015

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, 2015 (FY 2015).

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. Because the cost of internal control should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

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

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

### **Reporting Entity**

The District is an independent reporting entity within the criteria established by generally accepted accounting principles (GAAP) and the Governmental Accounting Standards Board (GASB). According to GASB Statement No. 14, the financial reporting entity consists of "a primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete." MCCCD is a primary government because it is "a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments". Although the District shares the same geographic boundaries with Maricopa County, financial accountability for all activities related to public community college education in Maricopa County is exercised solely by the District. In accordance with GASB Statement No. 39, the financial activity of the Maricopa County Community College District Foundation is presented as a component unit of the District. The District is not included in any other governmental financial reporting entity.

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

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

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

### **History**

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

### **Geography/Population**

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

Maricopa County continues to have one of the fastest growing populations in the United States. According to the U.S. Census Bureau Population Division, the County's population increased by 24% in the 10-year period between the official census dates of April 2000 and April 2010. As of July 2014, the Office of Employment and Population Statistics of the Arizona Department of Administration estimated the County's population to be 4,008,651, making it the fourth most populated county in the nation.

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

### **Types of Services**

The District is the largest single provider of post-secondary education in Arizona – offering affordable education to more than 215,000 individuals year-round in credit classes and 15,000 individuals in special-interest/non-credit classes.

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

The District offers a wide range of quality academic, career and technical, and personal interest programs to meet the needs of students throughout Maricopa County. Students planning to transfer to a four-year institution may first complete the 35-credit hour Arizona General Education Curriculum core and/or an associate degree. The District offers the following associate degrees: Associate in Arts (including specialized degrees in Elementary Education and Fine Arts), Associate in Business, Associate in Science, Associate in General Studies, and Associate in Applied Sciences. Numerous Associate of Applied Science degrees and Certificates of Completion are available for students seeking technical expertise or upgrading skills in a specific career area. Non-credit personal interest courses are available in many areas including the arts, computer technology, personal development, and financial management. As indicated by racial category, the student enrollment data mirrors the population of Maricopa County: 48% Anglo, 26% Hispanic, 8% African American, 5% Asian, 3% Native American and 10% other.

The District is a major part of the community and continues to be a pipeline for the State's four-year universities, primarily Arizona State University (ASU). In academic year 2014-15, approximately 32,000 undergraduates enrolled at the three state universities had transferred 12 or more credits from MCCCDC.

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

## **State and Local Economy**

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

According to the Office of Employment and Population Statistics within the Arizona Department of Administration, Arizona's economy is forecasted to experience gradual gains in nonfarm employment for the calendar years 2015-2016 (CY 2015 – CY 2016). Specifically, Arizona's nonfarm jobs are projected to increase by 2.2% in CY 2015 and 2.4% in CY 2016. This translates into an estimated gain of 119,700 nonfarm jobs over the two-year period. The overall employment situation in Arizona continues to improve. This suggests that the positive signs of economic improvement outweigh the risks associated with any uncertainties. As of September 2015, Arizona's seasonally adjusted unemployment rate was 6.3%.

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

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

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

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

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

### **Budget Process**

The District's elected Governing Board establishes policy and sets goals and priorities through the strategic planning process. The Financial Advisory Council (FAC), which has broad-based membership representing executive leadership, faculty, employee group representatives, and college vice presidents, is responsible for making recommendations regarding system-wide financial directions 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. At a public meeting in the spring, the Governing Board adopts a preliminary budget with final budget adoption occurring by June 20.

### **Financial Reporting**

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

### **Major Initiatives**

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

## **Major Initiatives** (continued)

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

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

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

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

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

### **Public University Partnerships**

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

## **Major Initiatives** (continued)

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

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

### **2004 Capital Development Program**

As a result of a referendum approved by 76% of Maricopa County voters in November 2004, the District embarked on a \$951 million capital program financed by General Obligation bonds. The Capital Development Program provides the physical environment, occupational and instructional equipment, and technology to support education and job training and to meet the needs of current and future community college students through new and improved institutional facilities, support spaces, equipment, and technology. The bond reaches all colleges and skill centers in the District and funds improvements in educational and institutional technologies as well as student and community safety and security. Inflation rates in the construction industry, rose to historically high rates from 2004 through early 2008, and altered our ability to deliver this program as originally planned. Project size/scope reductions or cancellations during the early portion of the program could not be recovered fully. The major impact has been that many construction projects were reduced in size or modified in scope, with some projects planned for late in the bond being substantially reduced or canceled in order to fund early, higher priority projects. Parallel to the collapse of the local economy, the construction industry saw prices drop back to near 2007 levels during late 2010 and 2011. Since the beginning of 2011, construction prices are rising again, and accelerated slightly in 2013 through 2015 as the national and global economy recovered and both materials and labor shortages were becoming more common. Local construction cost increases have remained moderate as the Arizona economy continues its slow recovery. As the local and world economy continues to recover through 2015-16, higher local inflation rates and construction costs are expected. With the low construction inflation rates since 2010, a number of later projects started during this period were constructed close to their originally planned size and scope. The District also benefited by the collapse of the local real estate market, enabling the purchase and remodeling of existing properties for less than the cost to construct an equal amount of new space. To date, 1,808,000 square feet of new space has been constructed or purchased and 994,000 square feet has been remodeled, including some of the purchased buildings. District and College capital plans continue to be revised and updated to optimize the use of remaining bond funds and serve current instructional needs.

Since the inception of the 2004 Capital Development Program, eleven new or substantially remodeled science instruction buildings, totaling 460,000 square feet have been completed. Ten new or substantially remodeled health care occupations instructional buildings totaling 354,000 square feet have been completed. The purchase of sixteen existing buildings added 569,000 square feet of space. There are three projects currently in progress or scheduled to start construction that will add or remodel 62,700 square feet of building space. One other project that currently is in project development, initiation, consultant selection, or design, will add or remodel 44,000 square feet of space in the next few years. For future growth, the District purchased six parcels of undeveloped land adding 232 acres. In addition to the construction and remodeling, the District continues significant maintenance and energy conservation work across all existing locations, including large photovoltaic solar energy generating installations at twelve District locations.

## **Major Initiatives** (continued)

The District also continues to foster and develop partnerships. Funds from the 2004 General Obligation (G.O.) Bond Funds constructed the Communiversity@Surprise on property owned by the City of Surprise and the Rio Communiversity in Queen Creek using a similar partnership with the town of Queen Creek. Four Maricopa colleges and two universities have combined to offer more than 40 certificates of completion, Associate's, Bachelor's and Master's degree programs at the Communiversity@Surprise and the Communiversity@Queen Creek. Two additional buildings funded by the 2004 G.O. bond also host partnerships. The Paradise Valley Community College Black Mountain Center in far northern Scottsdale was completed in 2009 and operates in partnership with the Valley of the Sun YMCA and the Foothills Community Center; the South Mountain Community College Community Library Building, developed and jointly operated with the City of Phoenix, Arizona opened in June 2011.

## **GFOA Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Maricopa County Community College District for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the 24th consecutive year that the District has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal regulations.

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

## **Acknowledgment**

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

Respectfully submitted,

Debra Thompson  
Vice Chancellor for Business Services

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





Government Finance Officers Association

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

Presented to

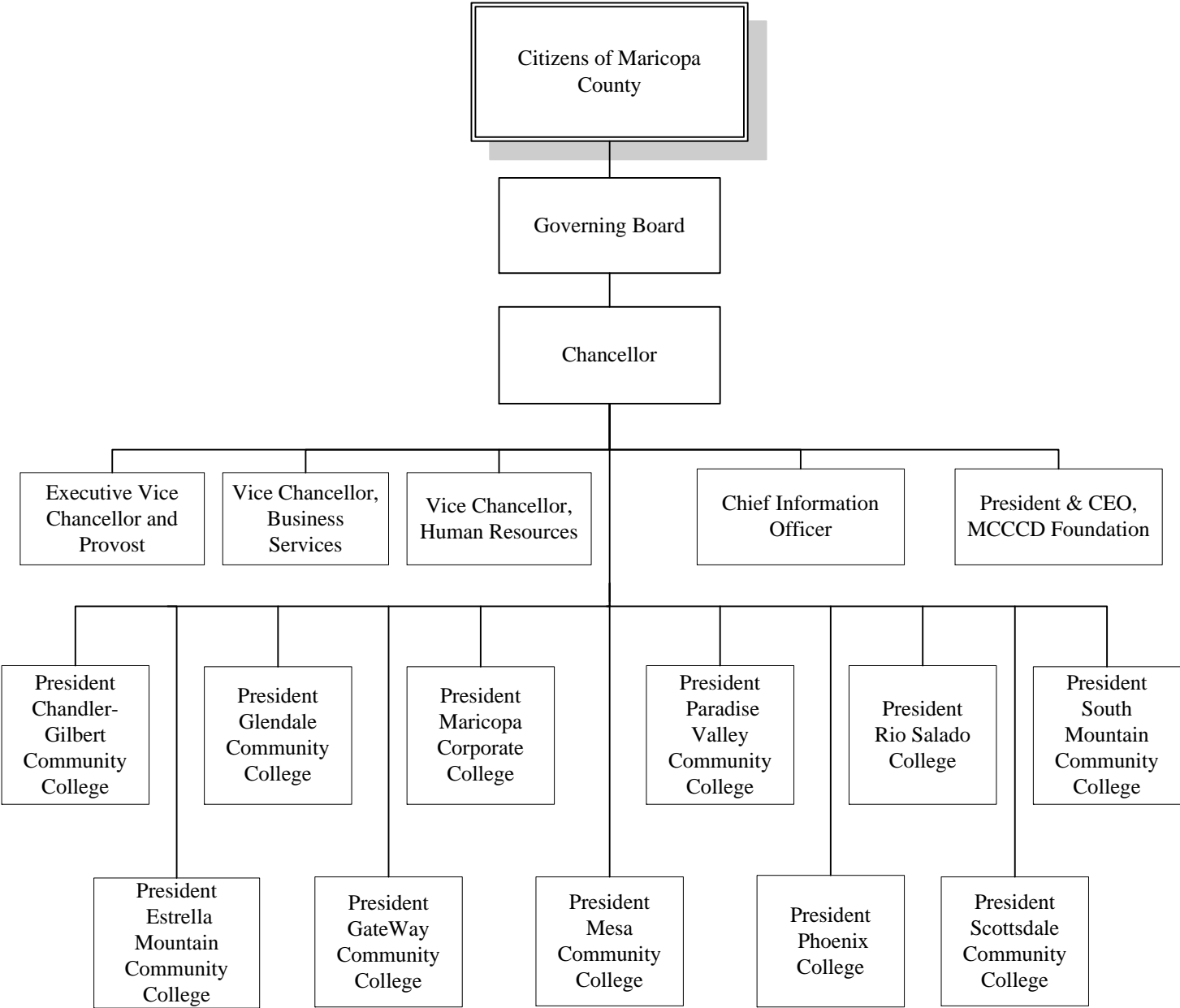
**Maricopa County  
Community College District  
Arizona**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

# Maricopa County Community College District Organizational Chart



# **Maricopa County Community College District**

## **Principal Officers**

## **Governing Board**

Ms. Tracy Livingston, *President*

Ms. Johanna Haver, *Secretary*

Mr. Doyle Burke

Mr. Dana Saar

Mr. Alfredo Gutierrez

Ms. Jean McGrath

Mr. John Heep

## **Administration**

Dr. Rufus Glasper, *Chancellor*

Dr. Maria Harper-Marinick, *Executive Vice Chancellor and Provost*

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

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

Mr. Edward Kelty, *Chief Information Officer*

Ms. Mary O'Connor, *Interim President & CEO, MCCCCD Foundation*

## **College Presidents and Directors**

Dr. William Guerriero, *Interim President, Chandler-Gilbert  
Community College (effective 9/12/15)*

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

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

Dr. Irene Kovala, *President, Glendale Community College*

Dr. Eugene Giovannini, *President, Maricopa Corporate College*

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

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

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

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

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

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



## **Vision, Mission & Values**

### **Vision**

A Community of Colleges...Colleges for the Community

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

### **Mission**

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

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

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

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

# Statement of Values

The Maricopa Community Colleges are committed to:

## **Community**

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

## **Excellence**

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

## **Honesty and integrity**

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

## **Inclusiveness**

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

## **Innovation**

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

## **Learning**

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

## **Responsibility**

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

## **Stewardship**

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

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**

**MELANIE M. CHESNEY**  
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report**

Members of the Arizona State Legislature

The Governing Board of  
Maricopa County Community College District

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of the Maricopa County Community College District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the 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 from 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Maricopa County Community College District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, for the year ended June 30, 2015, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 17 through 24, Schedule of District's Proportionate Share of Net Pension Liability on page 57, and Schedule of District Pension Contributions on page 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Revenues, Expenses, and Changes in Net Position by College/Center and the introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Schedule of Revenues, Expenses, and Changes in Net Position by College/Center is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the Schedule of Revenues, Expenses, and Changes in Net Position by College/Center is fairly stated in all

material respects in relation to the basic financial statements as a whole.

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

### **Other Reporting Required by Government Auditing Standards**

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

Debbie Davenport  
Auditor General

December 23, 2015

## **Maricopa County Community College District Management's Discussion and Analysis For the Year Ended June 30, 2015**

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, 2015. It should be read in conjunction with the transmittal letter, which precedes this section, and the financial statements, which immediately follow.

### **Basic Financial Statements**

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

The *Statement of Net Position* reflects the financial position of the District as of June 30, 2015. It shows the assets owned or controlled, deferred outflows of resources, related liabilities and other obligations, deferred inflows of resources, and the categories of net position. Net position is an accounting concept defined as total assets and deferred outflows less total liabilities and deferred inflows. As such, it represents the residual of all other elements presented in the Statement of Net Position of the District.

The *Statement of Revenues, Expenses, and Changes in Net Position* reflects the results of operations and other changes for the year ended June 30, 2015. It shows revenues and expenses, both operating and non-operating, and reconciles the beginning net position amount to the ending net position amount, which is shown on the *Statement of Net Position* described above.

The *Statement of Cash Flows* reflects the inflows and outflows of cash and cash equivalents for the year ended June 30, 2015. It shows the cash activities by type and reconciles the beginning cash and cash equivalents amount to the ending cash and cash equivalents amount, which is shown on the *Statement of Net Position*, described above. In addition, this statement reconciles cash flows from operating activities to operating loss on the *Statement of Revenues, Expenses, and Changes in Net Position* described above.

Although the primary focus of this document is on the results and activity for fiscal year 2014-15 (FY 2015), comparative data is presented for the previous fiscal year, 2013-14 (FY 2014). 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)

Effective for FY 2015 the District implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement Nos. 68 and 71 revise standards for measuring and reporting pension liabilities for pension plans provided by the District to its employees. Recognition of a liability equal to the District's proportionate share of the net pension liability is required, which is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. The total pension liability is determined based on discounting projected benefit payments based on the benefit terms and the legal agreements existing at the pension plan's fiscal year end. Relating to implementing GASB Statement No. 68, the District has restated its FY 2014 ending net position by \$602.1 million as shown in Notes to Financial Statements – Note 2. Note 7 – Pension and Other Postemployment Benefits contains required disclosures related to GASB Statement Nos. 68 and 71.

## Condensed Financial Information

<i>Statement of Net Position</i>	<i>As of June 30, 2015</i>	<i>As of June 30, 2014 (as restated)</i>
<b>Assets</b>		
Current assets	\$576,682,321	\$550,769,701
Noncurrent assets, other than capital assets	219,036,807	297,278,469
Capital assets, net	846,466,439	819,938,596
<b>Total assets</b>	<b>1,642,185,567</b>	<b>1,667,986,766</b>
<b>Deferred Outflows of Resources</b>	<b>68,871,664</b>	<b>41,374,630</b>
<b>Liabilities</b>		
Other liabilities	87,809,229	91,421,930
Long-term liabilities	1,272,215,625	1,404,485,722
<b>Total liabilities</b>	<b>1,360,024,854</b>	<b>1,495,907,652</b>
<b>Deferred Inflows of Resources</b>	<b>100,530,114</b>	<b>106,118</b>
<b>Net position</b>		
Net investment in capital assets	289,057,833	272,856,692
Restricted net position	105,028,658	105,759,811
Unrestricted net position	(143,584,228)	(165,268,877)
<b>Total net position</b>	<b>\$250,502,263</b>	<b>\$213,347,626</b>

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

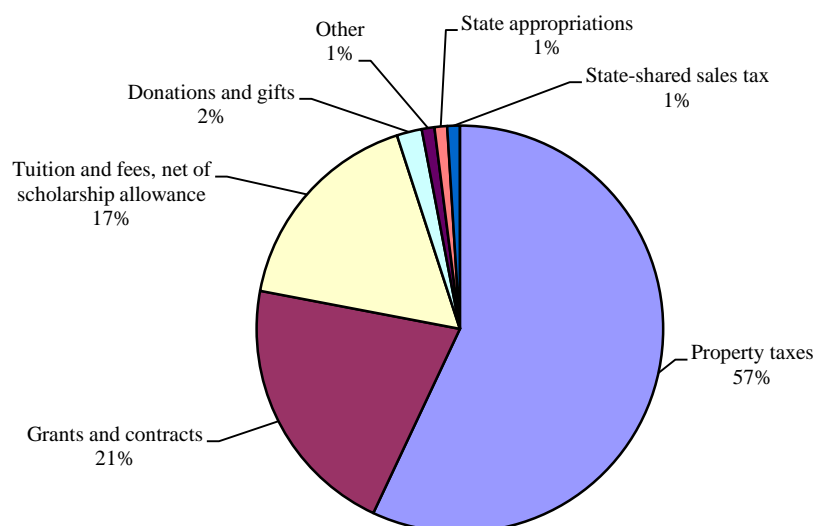
	<i>For the Year Ended June 30, 2015</i>	<i>For the Year Ended June 30, 2014</i>
Operating revenues	\$167,964,039	\$164,790,760
Operating expenses:		
Educational and general	746,752,888	749,245,204
Auxiliary enterprises	50,662,381	48,479,933
Depreciation	50,077,296	48,271,401
Other	447,281	340,066
Total operating expenses	<u>847,939,846</u>	<u>846,336,604</u>
Operating loss	<u>(679,975,807)</u>	<u>(681,545,844)</u>
Non-operating revenues and expenses	<u>715,589,673</u>	<u>701,511,528</u>
Income before other revenues, expenses, gains, or losses	35,613,866	19,965,684
Other revenues, expenses, gains, or losses	<u>1,540,771</u>	<u>407,907</u>
Change in net position	37,154,637	20,373,591
Net position, restated, beginning of year	<u>213,347,626</u>	<u>192,974,035</u>
<b>Net position, end of year</b>	<b><u><u>\$250,502,263</u></u></b>	<b><u><u>\$213,347,626</u></u></b>

## Condensed Financial Information (continued)

The following schedule presents a summary and comparison of revenues for the fiscal years ended June 30, 2015, and June 30, 2014.

<i>Revenues by Source</i>	FY 2015		FY 2014		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	\$155,484,268	17%	\$153,195,205	17%	\$2,289,063	1%
Other	12,479,771	1	11,595,555	1	884,216	8
Total operating revenues	<u>167,964,039</u>	<u>18</u>	<u>164,790,760</u>	<u>18</u>	<u>3,173,279</u>	<u>2</u>
<u>Non-operating revenues</u>						
Property taxes	517,730,977	57	497,465,876	56	20,265,101	4
State appropriations	7,409,500	1	7,913,300	1	(503,800)	(6)
State-shared sales tax	9,629,336	1	8,928,285	1	701,051	8
Grants and contracts	188,606,760	21	197,623,492	22	(9,016,732)	(5)
Donations and gifts	13,259,529	2	14,029,098	2	(769,569)	(5)
Investment earnings, net of investment expense	2,340,582	-	2,727,869	-	(387,287)	(14)
Total non-operating revenues	<u>738,976,684</u>	<u>82</u>	<u>728,687,920</u>	<u>82</u>	<u>10,288,764</u>	<u>1</u>
Capital grants and gifts	<u>1,540,771</u>	<u>-</u>	<u>407,907</u>	<u>-</u>	<u>1,132,864</u>	<u>278</u>
Total revenues	<u>\$908,481,494</u>	<u>100%</u>	<u>\$893,886,587</u>	<u>100%</u>	<u>\$14,594,907</u>	<u>2%</u>

**Revenues by Source FY 2015**

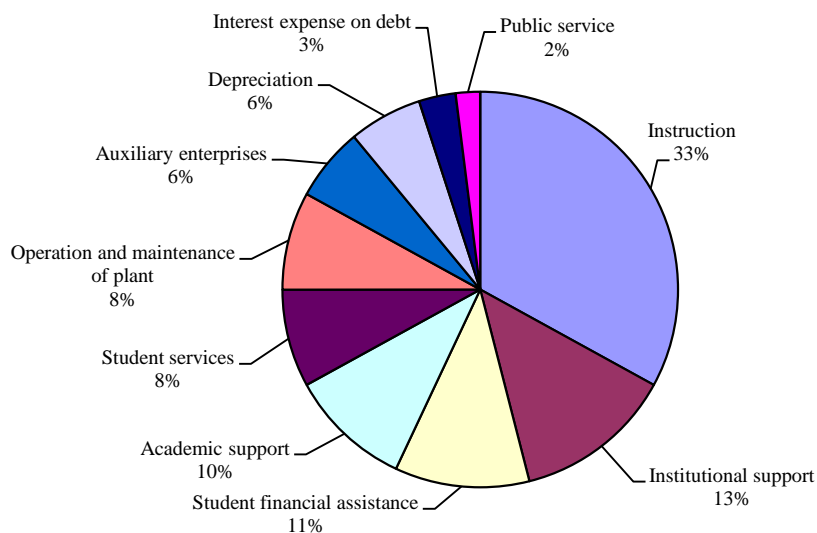


## Condensed Financial Information (continued)

The following schedule presents a summary and comparison of expenses for the fiscal years ended June 30, 2015, and June 30, 2014.

<i>Expenses by Function</i>	FY 2015		FY 2014		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>
<b>Operating expenses</b>						
Educational and general						
Instruction	\$291,502,707	33%	\$284,651,808	33%	\$6,850,899	2%
Public service	16,379,540	2	16,810,929	2	(431,389)	(3)
Academic support	87,383,738	10	86,963,188	10	420,550	-
Student services	73,664,939	8	72,056,007	8	1,608,932	2
Institutional support	112,298,278	13	116,375,711	13	(4,077,433)	(4)
Operation and maintenance of plant	68,609,406	8	69,429,885	7	(820,479)	(1)
Student financial assistance	96,914,280	11	102,957,676	12	(6,043,396)	(6)
Auxiliary enterprises	50,662,381	6	48,479,933	6	2,185,448	5
Depreciation	50,077,296	6	48,271,401	6	1,805,895	4
Other	447,281	-	340,066	-	107,215	32
Total operating expenses	<u>847,939,846</u>	<u>97</u>	<u>846,336,604</u>	<u>97</u>	<u>1,606,242</u>	<u>-</u>
<b>Non-operating expenses</b>						
Interest expense on debt	22,511,671	3	24,779,363	3	(2,267,692)	(9)
Loss on sale or disposal of capital assets	<u>875,340</u>	<u>-</u>	<u>2,397,029</u>	<u>-</u>	<u>(1,521,689)</u>	<u>(63)</u>
Total non-operating expenses	<u>23,387,011</u>	<u>3</u>	<u>27,176,392</u>	<u>3</u>	<u>(3,789,381)</u>	<u>(14)</u>
<b>Total expenses</b>	<u>\$871,326,857</u>	<u>100%</u>	<u>\$873,512,996</u>	<u>100%</u>	<u>(\$2,183,139)</u>	<u>-</u>

**Expenses by Function FY 2015**





## **Financial Highlights and Analysis**

### **Statement of Net Position**

The District's overall financial position increased in FY 2015 as the total net position for the District improved by approximately \$37.2 million from FY 2014 to FY 2015. Total net position is comprised of the following sub-categories: net investment in capital assets, restricted, and unrestricted. There were changes in these sub-categories reflecting both increases and decreases for the year with the sum resulting in an overall increase in net position. The increase of \$16.2 million in net investment in capital assets is due to continued spending for acquisition and remodeling of facilities and paying down debt service that is associated with our capital development/General Obligation bond program approved by County voters in 2004. Overall restricted net position remained fairly constant with relatively small increases and decreases within the category. Unrestricted net position in FY 2015 experienced an increase (\$21.7 million) over FY 2014 primarily due to revenues outpacing expenses at the college and District levels, with relatively small amount of these resources continuing to be set aside to plan for capital needs when the current capital bond program is completed, which is projected to be in 2016. However, unrestricted net position is now negative for FY 2014 (as restated) and FY 2015 due to the implementation of GASB 68. As stated previously, the effect of implementing GASB 68 in FY 2015 was to restate beginning unrestricted net position with a reduction of \$602.1 million. The impact of the change was only mildly mitigated by the small increase in FY 2015. Over time and with good performance by ASRS, we would expect the negative unrestricted net position to eventually return to positive territory.

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

Total assets decreased by a net of \$25.8 million. Current assets increased \$25.9 million as revenues outpaced expenses; while not planned, the result allowed the District to set aside funds for college-specific and system-wide future priority needs (i.e., student success initiatives, information technology needs, etc.). Noncurrent assets, other than capital assets decreased \$78.2 million due to debt service payments on the District's outstanding General Obligation bonds and on-going capital spending to continue the intent of the bond program. Likewise, capital assets, net, increased \$26.5 million as the cash or investments were converted to capital assets.

Deferred outflows and inflows of resources are predominantly comprised of activity relating to pensions and the large differences from FY 2014 to FY 2015 are directly related to the implementation of GASB 68. Deferred outflows of resources represent the pension expense paid by the District on behalf of its employees to the Arizona State Retirement System since the measurement date (June 30, 2014). Deferred inflows of resources represent the District's proportionate share of anticipated earnings on contributions over the life of the plan.

The most significant components of long-term liabilities for the District are bonds payable and net pension liability (with the implementation of GASB 68). The large decrease in long-term liabilities from FY 2014 (as restated) to FY 2015 is due to the payment of debt service (\$60.4 million), no issuance of any new debt, and the net adjustment in pension liability for FY 2015.

See Notes to Financial Statements – Notes 2, 6, and 7 for additional information on GASB 68.

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

The District has three major revenue sources: property taxes, grants and contracts, and tuition and fees. Total revenue for the District increased by a very modest 2% or \$14.6 million as a result of increases and decreases in these major categories. Property tax revenue rose due to an increase in the operational tax levy approved by the District's Governing Board and from new construction added to the tax rolls. The decrease in grants and contracts revenue (approximately \$9.0 million) is primarily related to lower financial aid activity resulting from fewer students participating in Federal financial aid programs. Although the overall amount of Federal awards declined, the average Federal Pell Grant award increased slightly in FY 2015. The District's Governing Board also approved a \$3 per credit hour increase in tuition that increased revenues, however; a 3% decline in enrollment resulted in total tuition and fees remaining fairly constant from the prior to current year.

An overall decrease of \$2.1 million was noted for expenses with the most significant changes in the following categories. Instruction noted a small 2% increase of just over \$6.8 million resulting from an increase in spending on residential faculty and associated benefits. Student financial assistance expenses declined approximately \$6.0 million due to fewer students participating in Federal financial aid programs as noted previously for changes in revenue activities. Institutional support experienced a 4% decrease (\$4.1 million) due to a combination of factors: contingent liabilities relating to judgments and third-party claims was reduced to reflect current estimates, estimates for uncollectible student debt was lower in FY 2015 than the prior year, and there was a substantial increase in expenses for information technology including additional staff and hosting services for the District's enterprise information systems.

## **Capital Assets and Debt Administration**

The District's capital assets as of June 30, 2015, totaled \$846.5 million (net of accumulated depreciation). Capital assets include land, construction in progress, buildings, equipment, intangibles, improvements other than buildings, and library books. The change in the District's capital assets for the current year was an increase of 3.2%, primarily attributed to increased investment in buildings, construction, technology, and equipment. The District has about \$96.3 million in construction in progress, with an estimated cost to complete of approximately \$80.4 million. Additional information on capital assets can be found in Notes to Financial Statements – Note 5.

The District has issued 100% of the \$951.4 million in General Obligation (GO) bonds that were approved by voters in November 2004. Information on all of the District's bond issues is presented in greater detail in Notes to Financial Statements – Note 6.

In March 2015, Fitch Ratings, Inc. reaffirmed its AAA rating for the District's general obligation bond debt issues while Moody's Investors Service and Standard & Poor's reaffirmed their ratings (Aaa and AAA, respectively) in May 2013. Reasons cited for the high ratings were strong financial policies and prudent management practices; multiyear planning efforts; diverse revenues streams which help mitigate cuts in State funding, economic downturns, or enrollment declines; continued exceptionally strong and stable financial performance, as evidenced by ongoing operating surpluses and rising fund balances; relatively modest debt levels; and rapid retirement of debt. See Transmittal Letter-State and Local Economy, for additional information on the State's economy.

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

As the 2004 Bond Program continues, buildings open and new technology is acquired to serve the community, the District must continue to ensure that there are sufficient resources and budget capacity to operate the buildings and support the technology. As of FY 2015, the District has set aside \$28 million in budget capacity for this purpose and will continue to increase this capacity as the Bond Program progresses.

## **Requests for Information**

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

**Maricopa County Community College District**  
**Statement of Net Position – Primary Government**  
**June 30, 2015**

	<b>Business-Type Activities</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 303,534,344
Investments	231,505,803
Receivables (net of allowance of \$48,448,766)	38,864,968
Other	2,777,206
Total current assets	576,682,321
Noncurrent assets:	
Receivables (net of allowance of \$341,334)	188,496
Other	4,673,098
Restricted assets:	
Cash and cash equivalents	73,453,348
Investments	139,337,071
Receivables (net of allowance of \$501,024)	1,247,589
Other	137,205
Capital assets, not being depreciated	173,069,132
Depreciable capital assets, net of depreciation	673,397,307
Total noncurrent assets	1,065,503,246
Total assets	1,642,185,567
<b>Deferred Outflows of Resources</b>	
Deferred charges on refunded bonds	3,478,297
Deferred outflows related to pensions	65,393,367
Total deferred outflows of resources	68,871,664
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	15,155,339
Accrued liabilities	54,586,739
Deposits held in custody for others	1,450,112
Interest payable	12,068,331
Unrealized revenues	4,548,708
Long-term liabilities - current portion	64,517,936
Total current liabilities	152,327,165
Noncurrent liabilities:	
Long-term liabilities	607,995,192
Net pension liability	567,149,473
Compensated absences	32,553,024
Total noncurrent liabilities	1,207,697,689
Total liabilities	1,360,024,854
<b>Deferred Inflows of Resources</b>	
Deferred Inflows Related to Pensions	100,506,328
Deferred grant receipts	23,786
Total deferred inflows of resources	100,530,114
<b>Net Position</b>	
Net investment in capital assets	289,057,833
Restricted:	
Nonexpendable:	
Endowments	214,208
Student loans	376,996
Expendable:	
Scholarships	1,464,854
Grants and contracts	19,027,032
Student loans	68,247
Debt service	56,278,678
Capital projects	27,598,643
Unrestricted	(143,584,228)
Total net position	\$ 250,502,263

See accompanying notes to financial statements.

**Maricopa County Community College District  
Statement of Financial Position – Component Unit  
June 30, 2015**

	<b>Maricopa County Community College District Foundation</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 304,457
Pledges receivable, net of discount and allowance	3,720,679
Investments	30,952,957
Investments held for others	6,099,283
Cash held for endowment purposes	229,725
Cash surrender value of life insurance	455,438
Other assets	11,935
Total assets	\$ 41,774,474
 <b>Liabilities and Net Assets</b>	
Accounts payable	\$ 4,832
Charitable gift annuity liability	201,309
Investments held for others	6,099,283
Total liabilities	6,305,424
 Net assets:	
Unrestricted	931,309
Temporarily restricted	12,522,276
Permanently restricted	22,015,465
Total net assets	35,469,050
Total liabilities and net assets	\$ 41,774,474

See accompanying notes to financial statements.

**Maricopa County Community College District**  
**Statement of Revenues, Expenses, and Changes in Net Position –**  
**Primary Government**  
**For the Year Ended June 30, 2015**

	<b>Business-Type Activities</b>
Operating revenues:	
Tuition and fees (net of scholarship allowance of \$86,617,624)	\$ 155,484,268
Other	12,479,771
Total operating revenues	167,964,039
Operating expenses:	
Educational and general:	
Instruction	291,502,707
Public service	16,379,540
Academic support	87,383,738
Student services	73,664,939
Institutional support	112,298,278
Operation and maintenance of plant	68,609,406
Student financial assistance	96,914,280
Auxiliary enterprises	50,662,381
Depreciation	50,077,296
Other	447,281
Total operating expenses	847,939,846
Operating loss	(679,975,807)
Nonoperating revenues (expenses):	
Property taxes	517,730,977
State appropriations	7,409,500
State-shared sales tax	9,629,336
Government grants and contracts	186,039,952
Private grants and contracts	2,566,808
Private gifts	13,259,529
Investment earnings, net of investment expense	2,340,582
Interest expense on debt	(22,511,671)
Loss on sale/disposal of capital assets	(875,340)
Total nonoperating revenues	715,589,673
Income before other revenues, expenses, gains, or losses	35,613,866
Capital grants and gifts	1,540,771
Change in net position	37,154,637
Total net position as restated, July 1, 2014	213,347,626
Total net position June 30, 2015	\$ 250,502,263

See accompanying notes to financial statements.

**Maricopa County Community College District  
Statement of Activities – Component Unit  
For the Year Ended June 30, 2015**

**Maricopa County Community College District Foundation**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenue:				
Contributions	\$ -	\$ 3,751,554	\$ 2,830,526	\$ 6,582,080
Change in donor intent	-	47,204	(47,204)	-
Contributed services	1,486,618	-	-	1,486,618
Investment return	(56,994)	(73,900)	-	(130,894)
Decrease in cash surrender value of life insurance	-	-	(25,088)	(25,088)
Total support and revenue before special events and net assets released from restrictions	<u>1,429,624</u>	<u>3,724,858</u>	<u>2,758,234</u>	<u>7,912,716</u>
Special events revenue	-	172,400	-	172,400
Less cost of direct donor benefits	-	(93,935)	-	(93,935)
Gross profit from special events	<u>-</u>	<u>78,465</u>	<u>-</u>	<u>78,465</u>
Net assets released from restrictions	<u>3,154,018</u>	<u>(3,154,018)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>4,583,642</u>	<u>649,305</u>	<u>2,758,234</u>	<u>7,991,181</u>
Expenses and losses:				
Program expenses				
Scholarships and program support	2,739,929	-	-	2,739,929
Supporting services				
Fundraising	209,902	-	-	209,902
General and administrative	1,993,874	-	-	1,993,874
Loss from uncollectible pledges	-	26,178	16,647	42,825
Total expenses and losses	<u>4,943,705</u>	<u>26,178</u>	<u>16,647</u>	<u>4,986,530</u>
Change in net assets	(360,063)	623,127	2,741,587	3,004,651
Net assets, beginning of year	<u>1,291,372</u>	<u>11,899,149</u>	<u>19,273,878</u>	<u>32,464,399</u>
Net assets, end of year	<u>\$ 931,309</u>	<u>\$ 12,522,276</u>	<u>\$ 22,015,465</u>	<u>\$ 35,469,050</u>

See accompanying notes to financial statements.

**Maricopa County Community College District  
Statement of Cash Flows – Primary Government  
For the Year Ended June 30, 2015**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>Business-Type Activities</b>
Tuition and fees	\$ 155,019,103
Payments for employee wages and benefits	(527,466,918)
Payments to providers of goods and services	(167,852,695)
Payments to students for grants and scholarships	(102,584,645)
Other receipts	12,505,263
Net cash used for operating activities	<u>(630,379,892)</u>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Property taxes	518,388,244
State appropriations	7,409,500
State-shared sales tax	9,546,178
Grants and contracts	189,934,514
Federal student loans received	121,080,812
Federal student loans disbursed	(121,080,812)
Deposits held by others received	1,309,011
Deposits held by others disbursed	(1,250,598)
Gifts received for other than operating or capital purposes	13,259,529
Net cash provided by noncapital financing activities	<u>738,596,378</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from sale of capital assets	29,944
Purchase of capital assets	(76,048,977)
Principal paid on capital debt and leases	(58,570,000)
Interest paid on capital debt and leases	(25,165,275)
Net cash used for capital and related financing activities	<u>(159,754,308)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Net proceeds from sales and maturities of investments	53,493,229
Interest received on investments	4,761,386
Net cash provided by investing activities	<u>58,254,615</u>
Net increase in cash and cash equivalents	6,716,793
Cash and cash equivalents - beginning of year	370,270,899
Cash and cash equivalents - end of year	<u>\$ 376,987,692</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	\$ (679,975,807)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation expense	50,077,296
Expenses (related to revenue) for donations of non-capitalized items	79,327
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Net Pension Liability	(71,908,868)
Deferred outflows of resources related to pensions	(28,423,214)
Deferred inflows of resources related to pensions	100,506,328
Receivables	1,182,560
Other assets	(173)
Student loans receivable	(7,902)
Accounts payable	(1,945,160)
Accrued liabilities	(260,118)
Unrealized revenue	(465,165)
Compensated absences	761,004
Net cash used for operating activities	<u>\$ (630,379,892)</u>

**Noncash transactions:**

**Decrease in fair value of investments.** The fair value of investments decreased by \$2,013,151.

**Items retired from CIP.** \$490,633 of costs originally captured in CIP failed to meet the District's standards for capitalization and were converted to expense.

**Gifts of depreciable and non-depreciable assets.** The District recorded the receipt of gifts of depreciable and non-depreciable assets of \$1,540,771.

**Restatement of beginning net position for retroactive adjustment of pension liability.** In accordance with the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District restated the beginning net position by (\$602,088,188) of net pension liability.

**Amortization of premium on bonds and deferred charges.** The District amortized \$2,552,234 of bond premiums and (\$926,180) of deferred charges.

See accompanying notes to financial statements.

**Maricopa County Community College District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2015**

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

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

For the year ended June 30, 2015, the District implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and GASB Statement No. 69, *Government Combinations and Disposals of Governmental Operations*. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits. GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The District did not have any such combinations or disposals during the fiscal year.

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

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

For financial reporting purposes, the Foundation follows Financial Accounting Standards Board (FASB) statements for not-for-profit organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information included in the District's financial report. Accordingly, those financial statements have been reported on separate pages following the respective counterpart financial statements of the District. For financial reporting purposes, only the Foundation's statements of financial position and activities

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

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, 2015, the Foundation distributed \$2,739,929 to the District for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Foundation Office at 2419 W. 14<sup>th</sup> Street, Tempe, AZ 85281.

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

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

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

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

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

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

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

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

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

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

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

**Deferred Outflows and Inflows of Resources** - The statement of net position includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred

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

outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense in future periods. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will be recognized as a revenue in future periods.

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

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

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

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

**NOTE 2 – Change in Accounting Principle**

Net position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

**NOTE 2 – Change in Accounting Principle** (continued)

<b>Net position as previously reported at June 30, 2014</b>	\$815,435,814
Prior period adjustment - Implementation GASB 68:	
Net pension liability (measurement date as of June 30, 2013)	(639,058,341)
Deferred outflows - district contributions made during fiscal year 2014	<u>36,970,153</u>
Total prior period adjustment	<u>(602,088,188)</u>
<b>Net position as restated, July 1, 2014</b>	<u><u>\$213,347,626</u></u>

**NOTE 3 - Deposits and Investments**

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

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

**Deposits**

At June 30, 2015, total cash on hand was \$212,090. The carrying amount of bank deposits on the District's accounting system was \$35,112,203. At June 30, 2015, the District's bank balance was \$41,316,996. The District does not have a formal policy with respect to custodial credit risk.

### **NOTE 3 - Deposits and Investments** (continued)

#### **Investments**

The District's investments at June 30, 2015, consist of the following:

<u>Investment Type</u>	<u>Amount</u>
State Treasurer's investment pool 7	\$330,404,315
State Treasurer's investment pool 700	376,281
County Treasurer's investment pools	5,551,791
U.S. agency securities	182,387,668
U.S. Treasury securities	149,660,578
Commercial paper	6,486,405
Corporate bonds	35,427,318
Local government bonds	1,910,103
Mutual funds – equity	105,832
Money market mutual fund	195,982
Total	<u>\$712,506,273</u>

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

**Credit Risk** - The District does not have a formal policy with respect to credit risk. At June 30, 2015, credit risk for the District's investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
State Treasurer's investment pool 7	Unrated	Not applicable	\$330,404,315
State Treasurer's investment pool 700	Unrated	Not applicable	376,281
County Treasurer's investment pool	Unrated	Not applicable	5,551,791
U.S. agency securities	Aaa	Moody's	182,387,668
Commercial paper	P-1	Moody's	6,486,405
Corporate bonds	A1	Moody's	425,621
Corporate bonds	Aa1	Moody's	5,950,073
Corporate bonds	Aa2	Moody's	11,832,817
Corporate bonds	Aa3	Moody's	10,890,932
Corporate bonds	Aaa	Moody's	6,327,875
Local government bonds	Unrated	Moody's	500,040
Local government bonds	Aa2	Moody's	535,034
Local government bonds	Aa3	Moody's	875,029
Money market mutual fund	Aaa	Moody's	195,982
Total			<u>\$562,739,863</u>

**NOTE 3 - Deposits and Investments** (continued)

**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, 2015, of 5 percent or more in Federal Home Loan Bank and Federal National Mortgage Association. These investments were 7 percent and 14 percent, respectively, of the District's total investments.

**Interest Rate Risk** - The District's policy states maturities shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. At June 30, 2015, the District had the following investments in debt securities:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (Months)</u>
State Treasurer's investment pool 7	\$330,404,315	1.17
State Treasurer's investment pool 700	376,281	82.73
County Treasurer's investment pool	5,551,791	12.23
U.S. agency securities	182,387,668	11.25
U.S. Treasury securities	149,660,578	18.03
Commercial paper	6,486,405	5.68
Corporate bonds	35,427,318	10.77
Local government bonds	1,910,103	.03
Money market mutual fund	195,982	.03
Total	<u>\$712,400,441</u>	

The District's portfolio weighted average maturity is 7.93 months.

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

Cash, deposits and investments:		Statement of Net Position:	
Cash on hand	\$ 212,090	Cash and cash equivalents	\$303,534,344
Deposits	35,112,203	Investments	231,505,803
Investments	712,506,273	Restricted assets:	
		Cash and cash equivalents	73,453,348
		Investments	139,337,071
Total	<u>\$747,830,566</u>	Total	<u>\$747,830,566</u>



**NOTE 4 - Current Receivables**

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

Property taxes (net of allowance of \$2,976,141)	\$ 5,502,295
Government grants	13,800,982
Private grants and contracts (net of allowance of \$164,253)	3,730,541
Student accounts (net of allowance of \$45,169,159)	15,129,268
Other (net of allowance of \$139,213)	701,882
Total current receivables	<u>\$ 38,864,968</u>

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

**NOTE 5 - Capital Assets**

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

	<u>Balance July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
<b>Capital assets not being depreciated:</b>				
Land	\$ 75,384,904	\$ 1,374,757	\$ -	\$ 76,759,661
Construction in progress	72,951,259	67,914,670	44,556,458	96,309,471
Total capital assets not being depreciated	<u>148,336,163</u>	<u>69,289,427</u>	<u>44,556,458</u>	<u>173,069,132</u>
<b>Capital assets being depreciated:</b>				
Buildings	864,122,162	31,765,842	-	895,888,004
Equipment	146,201,344	12,486,238	3,570,013	155,117,569
Intangibles (software)	18,989,981	1,410,989	-	20,400,970
Improvements other than buildings	141,424,712	5,767,581	3,900	147,188,393
Library books	13,530,665	903,218	447,756	13,986,127
Total capital assets being depreciated	<u>1,184,268,864</u>	<u>52,333,868</u>	<u>4,021,669</u>	<u>1,232,581,063</u>
Less accumulated depreciation for:				
Buildings	327,036,979	28,664,010	-	355,700,989
Equipment	105,268,500	14,031,033	3,273,407	116,026,126
Intangibles (software)	10,714,026	29,396	-	10,743,422
Improvements other than buildings	60,571,024	6,378,633	-	66,949,657
Library books	9,075,902	974,224	286,564	9,763,562
Total accumulated depreciation	<u>512,666,431</u>	<u>50,077,296</u>	<u>3,559,971</u>	<u>559,183,756</u>
Total capital assets being depreciated, net	<u>671,602,433</u>	<u>2,256,572</u>	<u>461,698</u>	<u>673,397,307</u>
Capital assets, net	<u>\$ 819,938,596</u>	<u>\$ 71,545,999</u>	<u>\$ 45,018,156</u>	<u>\$ 846,466,439</u>

**NOTE 5 - Capital Assets** (continued)

The District has active construction projects with a remaining contractual commitment at June 30, 2015, of \$44,048,063. These projects are funded primarily through bond proceeds.

**NOTE 6 - Long-term Liabilities**

The following schedule details the long-term liability activity for the year ended June 30, 2015.

	<u>Balance July 1, 2014 As restated</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2015</u>	<u>Due within one year</u>
Bonds payable:					
General obligation bonds	\$ 712,735,000	\$ -	\$ 58,545,000	\$ 654,190,000	\$ 60,370,000
Premium on general obligation bonds	18,929,632	-	2,552,234	16,377,398	2,202,206
Total bonds payable	<u>731,664,632</u>	<u>-</u>	<u>61,097,234</u>	<u>670,567,398</u>	<u>62,572,206</u>
Capital leases	25,000	-	25,000	-	-
Net pension liability	639,058,341	-	71,908,868	567,149,473	-
Compensated absences	33,737,749	2,635,073	1,874,068	34,498,754	1,945,730
Total long-term liabilities	<u>\$1,404,485,722</u>	<u>\$ 2,635,073</u>	<u>\$ 134,905,170</u>	<u>\$1,272,215,625</u>	<u>\$ 64,517,936</u>

**Bonds Payable**

The District's bonded debt consists of various issues of general obligation bonds. Bond proceeds primarily pay for improving, acquiring or constructing capital assets. Bonds have also been issued to advance refund previously issued bonds. Of the total general obligation bonds originally authorized in 1994 (\$385,799,000) and 2004 (\$951,359,000), \$3,000 of the 2004 authorization remains unissued. The District repays general obligation bonds from voter-approved property taxes. Federal arbitrage regulations are applicable to all of the District's bond issues. Interest payments are due on a semi-annual basis. Bonds outstanding at June 30, 2015, 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 2004, Series B (2007)	240,000,000	7/01/2015-21	3.00-4.50%	120,840,000
Project of 2004, Series C (2009)	220,000,000	7/01/2015-23	3.00-5.00%	163,030,000
Refunding 1994, Series C (2010)	31,280,000	7/01/2015	2.00-3.00%	10,595,000
Project of 2004, Series D (2011)	150,000,000	7/01/2016-25	2.00-4.75%	147,000,000
Refunding 2004, Series A (2012)	69,135,000	7/01/2015-19	2.00-4.00%	69,135,000
Series 2013	151,090,000	7/01/2015-27	2.00-3.50%	143,590,000
			Total	<u>\$ 654,190,000</u>

**NOTE 6 - Long-term Liabilities** (continued)

The following schedule details debt service requirements to maturity for the District's bonds payable at June 30, 2015.

Year Ending June 30:	General Obligation Bonds		Total Debt Service Requirements
	Principal	Interest	
2016	\$ 60,370,000	\$ 23,165,644	\$ 83,535,644
2017	59,595,000	21,108,562	80,703,562
2018	63,860,000	18,775,550	82,635,550
2019	66,745,000	16,199,475	82,944,475
2020	70,130,000	13,517,969	83,647,969
2021-2025	272,440,000	33,138,681	305,578,681
2026-2028	61,050,000	2,526,150	63,576,150
Total	\$ 654,190,000	\$ 128,432,031	\$ 782,622,031

**Description of Issues**

**General Obligation Refunding Bonds, Project of 1994, Series C (2010)**

In April 2010, the District issued \$31,280,000 of general obligation refunding bonds to advance refund \$31,280,000 of G.O. Bonds, Series C (1999). The net proceeds were placed in an irrevocable trust fund with an escrow agent to provide debt service on the old bonds. In accordance with the refunding plan, the trustee retired the remaining liability for the defeased bonds of \$31,280,000 on April 22, 2010. This issue of refunding bonds is not subject to early redemption.

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

In May 2012, the District issued \$69,135,000 of general obligation refunding bonds to refund \$69,135,000 of G.O. Bonds, Series A (2005). At June 30, 2015, the G.O. Bonds, Series A (2005) outstanding bond is considered defeased with a principal balance of \$69,135,000 and the liability for these defeased bonds are not included in the District's financial statements. On May 31, 2012, the net proceeds were placed in the Depository Trust Fund to be used to refund the bonds being refunded. The General Obligation Refunding Bonds of 2012 are not subject to early redemption prior to their stated maturity dates.

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

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

**NOTE 6 - Long-term Liabilities** (continued)

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

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

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

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

**General Obligation Bonds, Series 2013**

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

**NOTE 7 - Pension and Other Postemployment Benefits**

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

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

**NOTE 7 - Pension and Other Postemployment Benefits** (continued)

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

\*With actuarially reduced benefits.

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

**Contributions** - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2015, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.6 percent (11.48 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 11.6 percent (10.89 percent for retirement, 0.59 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll. In addition, the District was required by statute to contribute at the actuarially determined rate of 9.57 percent (9.31 percent for retirement, 0.20 percent for health insurance premium benefit, and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked for the District in positions that would typically be filled by an employee who contributes to the ASRS. The District's contributions to the pension plan for the year ended June 30, 2015, were \$36,569,171. The District's contributions for the current and 2 preceding years for OPEB, all of which were equal to the required contributions, were as follows:

**NOTE 7 - Pension and Other Postemployment Benefits** (continued)

<u>Year Ended June 30,</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
2015	\$1,981,053	\$402,926
2014	\$2,035,491	\$814,196
2013	\$2,173,338	\$802,463

**Pension Liability** - At June 30, 2015, the District reported a liability of \$567,149,473 for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2014.

The District's proportion measured as of June 30, 2014, was 3.832971 percent, which was a decrease of .011142 from its proportion measured as of June 30, 2013.

**Pension Expense and Deferred Outflows/Inflows of Resources** - For the year ended June 30, 2015, the District recognized pension expense for ASRS of \$36,743,417. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$28,824,196	
Net Difference between projected and actual investment earnings on pension plan investments		\$99,176,932
Changes in proportion and differences between district contributions and proportionate share of contributions		1,329,396
District contributions subsequent to the measurement date (fiscal year 2015 district contributions)	36,569,171	
Total	<u>\$65,393,367</u>	<u>\$100,506,328</u>

The \$36,569,171 reported as deferred outflows of resources related to ASRS pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

**NOTE 7 - Pension and Other Postemployment Benefits** (continued)

Year ending June 30	
2016	\$ (12,839,972)
2017	(12,839,972)
2018	(21,207,955)
2019	(24,794,233)

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

Actuarial valuation date	June 30, 2013
Actuarial roll forward date	June 30, 2014
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3–6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Equity	63%	7.03%
Fixed income	25%	3.20%
Real estate	8%	4.75%
Commodities	4%	4.50%
Total	<u>100%</u>	

**Discount Rate** - The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's

**NOTE 7 - Pension and Other Postemployment Benefits** (continued)

funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<b>1% Decrease (7%)</b>	<b>Current Discount Rate (8%)</b>	<b>1% Increase (9%)</b>
District's proportionate share of the net pension liability	\$ 716,847,849	\$ 567,149,473	\$ 485,930,589

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

**Pension Contributions Payable** - The District's accrued liabilities included \$895,608 of outstanding pension contribution amounts payable to ASRS for the year ended June 30, 2015.

**NOTE 8 - Operating Expenses**

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

Salaries and benefits	\$ 542,016,281
Financial aid	103,414,305
Contract services	77,727,363
Depreciation	50,077,295
Noncapitalized equipment	19,745,908
Communications, utilities, and travel	24,420,524
Supplies and materials	17,368,824
Subscriptions, dues, insurance, and rentals	10,564,821
Other expenses	2,604,525
Total operating expenses	<u>\$ 847,939,846</u>



**NOTE 8 - Operating Expenses** (continued)

The District uses credit cards to pay certain vendors for goods and services. The District received \$208,380 in rebates resulting from credit card payments for the year ended June 30, 2015.

**NOTE 9 - Risk Management**

The District is exposed to various risks of loss related to legal liability, property, errors and omissions, and injuries to employees. The District carries commercial insurance for all such risks of loss. 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 \$375,000 per claim. The District purchases commercial insurance for claims in excess of this limit and utilizes a consultant to determine the required annual funding based upon anticipated utilization, cost trends, and benefit levels. Independent administrators provide claim and recordkeeping services for each self-insured plan. The District self-insures workers' compensation claims up to \$450,000 and purchases commercial insurance for claims exceeding \$450,000. Settled claims for workers' compensation and health benefits have not exceeded the District's commercial insurance coverage in any of the past three fiscal years.

The insurance claims payable of \$21,854,522 at June 30, 2015, includes the amounts payable for both health benefits and workers' compensation. This amount has been recognized as an expense and is included in accrued liabilities in the Statement of Net Position. It is the estimated cost of settling claims that have been reported but not settled and claims that have been incurred but not reported and is based on actuarial valuations. The District's claims payable for the fiscal years ended June 30, 2014 and June 30, 2015 are as follows:

<b><u>Health Benefits:</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Claims payable, beginning of year	\$ 13,626,552	\$ 9,460,887
Current year actual and estimated claims	57,950,149	52,631,614
Less: Claim payments	<u>(50,375,536)</u>	<u>(48,465,949)</u>
Claims payable, end of year	<u>\$ 21,201,165</u>	<u>\$ 13,626,552</u>
<b><u>Workers' Compensation:</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Claims payable, beginning of year	\$ 713,273	\$ 721,724
Current year actual and estimated claims	518,195	598,784
Less: Claim payments	<u>(578,111)</u>	<u>(607,235)</u>
Claims payable, end of year	<u>\$ 653,357</u>	<u>\$ 713,273</u>

## **NOTE 10 - Contingencies and Litigation**

The District is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of business. A reasonable estimate of the probable losses based on information currently available is \$1.76 million. This amount has been recognized as an expense and is included in accrued liabilities in the Statement of Net Position. Other reasonably possible claims have been estimated to be \$370,000. Management through legal counsel will seek denial of the claims. Management believes that the loss, if any, resulting from these claims will not have a material impact on the District's financial position, results of operations, or cash flows in future years.

In May 2013, a network security incident of suspected hacker activity was identified. An internal investigation was initiated and subsequently an independent forensic vendor was retained through outside counsel to further investigate the situation. Network intrusion was found and based on advice of counsel, the District notified regulators and impacted individuals. The known or estimable remaining expenses relating to fees for legal analysis, advice, forensic investigation, and regulatory representation have been estimated to be \$1.26 million and have also been recognized as an expense and are included in the accrued liabilities reported in the Statement of Net Position. Three class action lawsuits filed against the District have been consolidated for purposes of settlement. A settlement has been proposed and preliminarily approved by the court. Defending the District in this litigation and costs relating to the proposed settlement are estimated to be \$7.81 million and have also been recognized as an expense and are included in the accrued liabilities reported in the Statement of Net Position. Liability and property insurers have been notified of the known claims and damages. A relatively small recovery has been received to date, but there is potential for additional recovery. In addition, state and federal regulators have initiated investigations and their likely course and outcomes are uncertain. It is reasonably possible that regulators may seek to assess fines or penalties or require specific corrective actions that add to the District's costs. We do not have an estimated amount for such potential losses, fines, penalties, or the additional legal fees that will be needed to defend the District in regulatory investigations, due to the above uncertainty. These costs are not insured.

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

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

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

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

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

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

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

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

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

**Administration Fees** - The Foundation charges an administration fee to defray part of the cost of managing restricted accounts held by the Foundation. A fee is charged on all new gifts, except endowment gifts. Effective July 1, 2013, the Foundation increased the new gift fee from 1% to 2%. On January 1st of each year, an investment management fee is charged on all accounts. Effective July 1, 2013, the Foundation increased the investment

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

management fee from 75 basis points to 200 basis points. This fee is not charged to endowment funds, if doing so would reduce the fund below its corpus. Total fees charged by the Foundation were \$400,087 and \$507,270, for the years ended June 30, 2015 and 2014, respectively. A total of \$400,087 and \$507,270 were included in net assets released from restrictions for the years ended June 30, 2015 and 2014, respectively.

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

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

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

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

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

Level 3: Unobservable inputs for the asset or liability.

**Income tax status** - The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the Code) and, therefore, there is no provision for income taxes for the entity. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170 of the Code and has been deemed not to be a private foundation. Income determined to be unrelated business taxable

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

income would be taxable. Management believes that none of the income in 2015 and 2014 is unrelated business taxable income.

**Recent accounting pronouncement** - In May 2015, the FASB issued ASU No. 2015-07, *Fair Value Measurement (Topic 820) Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, which amends FASB Topic 820 to remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The ASU also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. ASU 2015-07 is effective for public business entities for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. A reporting entity should apply the amendments retrospectively to all periods presented. The retrospective approach requires that an investment for which fair value is measured using the net asset value per share practical expedient be removed from the fair value hierarchy in all periods presented in an entity's financial statements. Earlier application is permitted. The Foundation has elected to early adopt this standard as of June 30, 2014, which is the earliest period presented within these financial statements. Accordingly, the fair value hierarchy disclosure within footnote 9 has been retroactively revised to remove investments reported at NAV as of June 30, 2014.

**NOTE 11 b - Pledges Receivable**

Pledges receivable consist of the following at June 30:

	<u>2015</u>	<u>2014</u>
Pledges receivable:		
Receivable in less than one year	\$ 1,548,563	\$ 530,544
Receivable in one to five years	2,228,446	1,236,145
Receivable in more than five years	<u>284,971</u>	<u>144,000</u>
Total pledges receivable	4,061,980	1,910,689
Less discounts to net present value	(260,262)	(143,940)
Less allowance for uncollectable pledges	<u>(81,039)</u>	<u>(38,214)</u>
Net pledges receivable	<u>\$ 3,720,679</u>	<u>\$ 1,728,535</u>

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

## **NOTE 11 c - Investments**

Investments consist of the following at June 30, 2015:

Equity funds:	
Common stock funds - United States	\$ 7,238,793
Common stock funds - emerging markets	1,220,621
Common stock funds - International	3,895,800
Exchange traded funds – global region	884,169
Exchange traded funds – United States	495,091
Fixed Income funds:	
Government agencies - United States	11,106,680
Government bonds	184,788
Corporate bonds - United States	2,769,511
Exchange traded funds – fixed income	623,946
Real estate funds:	
Real estate - United States	595,770
Cash held for pending purchases	3,750,000
Hedge funds:	
Hedge equity funds - United States	3,293,456
Commodity funds:	
Commodity funds – United States and global	993,615
Total investments	<u>\$ 37,052,240</u>

The following summarizes investment return included in the statement of activities for the year ended June 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividends	\$ 137,461	\$ 539,055	\$ -	\$ 676,516
Net realized and unrealized (losses)	(161,844)	(468,339)	-	(630,183)
Brokerages fees	<u>(32,611)</u>	<u>(144,616)</u>	<u>-</u>	<u>(177,227)</u>
Total	<u>\$ (56,994)</u>	<u>\$ (73,900)</u>	<u>\$ -</u>	<u>\$ (130,894)</u>

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

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

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

Net assets released from restriction for the year ended June 30, 2015 consisted of the following:

Program support	\$	1,142,272
Scholarships		1,597,657
Administrative fees		400,087
Other releases		14,002
Total net assets released from restriction	\$	<u>3,154,018</u>

**NOTE 11 e - Contributed Services**

The District provides administration services consisting of office space and administrative salaries to the Foundation without charge. The fair value of the contributed use of office space totaled \$114,342 and \$114,342 for the years ended June 30, 2015 and 2014, respectively. The contributed services received by the Foundation were measured at the cost recognized by the District for the personnel providing the administrative services, which totaled \$1,372,276 and \$1,529,124 for the years ending June 30, 2015 and 2014, respectively. These amounts are reflected in the statement of activities as contributed services and administrative expenses.

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

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

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

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

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

The activity for the agency fund is summarized as follows:

	<u>2015</u>	<u>2014</u>
Agency fund, beginning of year	\$ 6,122,561	\$ 5,419,431
Contributions	-	-
Interest and dividends, net of brokerage fees	95,272	97,420
Realized and unrealized investment gains (losses), net	(118,550)	605,710
Management fees	-	-
Agency fund, end of year	<u>\$ 6,099,283</u>	<u>\$ 6,122,561</u>

**NOTE 11 g - Fair Value Measurements**

The following table sets forth the level, within the fair value hierarchy of the Foundation's assets and liabilities subject to recurring fair value measurement, other than investments measured at NAV as a practical expedient, as of June 30, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity funds:				
Common stock funds -				
United States	\$ 873,156	\$ -	\$ -	\$ 873,156
Exchange traded funds – global region	884,169	-	-	884,169
Exchange traded funds – United States	495,091	-	-	495,091
Fixed Income funds:				
Government bonds	184,788	-	-	184,788
Corporate bond - United States	2,769,511	-	-	2,769,511
Exchange traded funds	623,946			623,946
Real estate funds:				
Real estate - United States	595,770	-	-	595,770
Commodity funds:				
Commodity funds - United States and global	993,615	-	-	993,615
Investments held for other liability	-	(6,099,283)	-	(6,099,283)



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

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

**NOTE 11 h - Endowments**

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

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

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

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

The changes in endowment net assets for the year ended June 30, 2015 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2014	\$ (19,270)	\$ 6,070,620	\$ 17,873,538	\$ 23,924,888
Contributions and pledge Collections	-	-	2,044,234	2,044,234
Change in donor intent	-	-	(47,204)	(47,204)
Interest and dividends, net of fees	-	394,439	-	394,439
Realized and unrealized losses	(4,870)	(468,339)	-	(473,209)
Appropriation of endowment assets for expenditure	-	(1,004,542)	-	(1,004,542)
Endowment net assets, June 30, 2015	<u>\$ (24,140)</u>	<u>\$ 4,992,178</u>	<u>\$ 19,870,568</u>	<u>\$ 24,838,606</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or MCFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$24,140 as of June 30, 2015. These deficiencies resulted primarily from unfavorable market fluctuations.

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

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

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

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

future disbursements. If these amounts are not fully disbursed within a one-year period, the remaining amounts are transferred back to the endowment funds. For the years ended June 30, 2015 and 2014 earnings of \$1,117,297 and \$938,790, respectively, were eligible to be distributed. For the years ended June 30, 2015 and 2014, \$660,702 and \$682,860 respectively, was distributed and is included in appropriation of endowment assets for expenditure above. The unused funds of \$456,595 and \$255,930 were maintained in the endowment funds to be used for future disbursements.



Required  
Supplemental  
Information

**Maricopa County Community College District  
 Required Supplemental Information  
 Schedule of District's Proportionate Share of the Net Pension Liability  
 June 30, 2015**

<b>Arizona State Retirement System</b>	<b>Reporting Fiscal Year (Measurement Date)</b>	
	<b>2015 (2014)</b>	<b>2014 through 2006</b>
District's proportion of the net pension liability	3.83%	Information
District's proportionate share of the net pension liability	\$ 567,149,473	not available
District's covered-employee payroll	\$ 339,248,495	
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	59.82%	
Plan fiduciary net position as a percentage of the total pension liability	69.49%	

**Maricopa County Community College District  
 Required Supplemental Information  
 Schedule of District Pension Contributions  
 June 30, 2015**

<b>Arizona State Retirement System</b>	<b><u>Reporting Fiscal Year</u></b>	
	<b><u>2015</u></b>	<b><u>2014</u></b>
		<b><u>through 2006</u></b>
Statutorily required contribution	\$ 36,569,171	Information
District's contributions in relation to the statutorily required contribution	<u>\$ 36,569,171</u>	not available
District's contribution deficiency (excess)	<u>\$ -</u>	
District's covered-employee payroll	<u>\$ 336,503,471</u>	
District's contributions as a percentage of covered- employee payroll	10.87%	





# Supplemental Information

**Maricopa County Community College District**  
**Schedule of Revenues, Expenses, and Changes in Net Position**  
**By College/Center**  
**For the Year Ended June 30, 2015**

	<u>Phoenix College</u>	<u>Glendale Community College</u>	<u>GateWay Community College</u>	<u>Mesa Community College</u>	<u>Scottsdale Community College</u>
<b>Operating revenues:</b>					
Tuition and fees, net of scholarship allowance	\$ 9,545,190	\$ 19,737,740	\$ 9,163,100	\$ 28,360,195	\$ 12,961,097
Other	558,322	547,634	575,341	1,092,506	688,663
Total operating revenues	<u>10,103,512</u>	<u>20,285,374</u>	<u>9,738,441</u>	<u>29,452,701</u>	<u>13,649,760</u>
<b>Operating expenses:</b>					
Educational and general:					
Instruction	27,995,967	46,764,312	19,441,828	56,729,705	30,047,458
Public service	345,908	68,511	295,902	496,238	105,478
Academic support	10,092,581	10,326,413	3,468,687	11,861,835	5,472,706
Student services	8,016,085	9,832,636	6,051,955	11,352,012	6,336,015
Institutional support	5,681,469	5,493,620	5,823,040	11,759,745	4,611,733
Operation and maintenance of plant	9,342,195	10,387,526	4,154,886	11,450,974	6,390,444
Student financial assistance	13,089,168	18,615,839	4,906,636	18,071,865	4,853,771
Auxiliary enterprises	1,871,984	1,906,190	10,021,647	4,870,815	3,143,545
Depreciation	4,147,073	5,307,413	4,432,670	5,923,481	4,386,433
Other	1,675	2,314	4,045	4,940	49,940
Total operating expenses	<u>80,584,105</u>	<u>108,704,774</u>	<u>58,601,296</u>	<u>132,521,610</u>	<u>65,397,523</u>
Operating loss	(70,480,593)	(88,419,400)	(48,862,855)	(103,068,909)	(51,747,763)
<b>Nonoperating revenues (expenses):</b>					
Property taxes	45,168,452	60,801,726	35,664,878	70,317,736	39,511,926
State appropriations	657,076	1,154,384	403,898	1,284,574	521,730
State-shared sales tax	46,680	-	109,087	-	-
Government grants and contracts	23,747,335	30,471,568	12,265,581	33,265,724	10,883,305
Private grants and contracts	295,177	7,981	123,299	172,898	193,410
Private gifts	572,508	971,050	315,588	1,389,597	588,499
Investment earnings, net of investment expense	4,966	137	19	72	15
Interest expense on debt	-	-	-	-	(1,062)
Gain (loss) on sale/disposal of capital assets	(13,276)	(56,889)	(23,540)	(53,240)	-
Total nonoperating revenues and expenses	<u>70,478,918</u>	<u>93,349,957</u>	<u>48,858,810</u>	<u>106,377,361</u>	<u>51,697,823</u>
Income (loss) before other revenues, expenses, gains or losses	(1,675)	4,930,557	(4,045)	3,308,452	(49,940)
Capital grants and gifts	1,675	256,388	4,045	-	49,940
Increase in net position	<u>-</u>	<u>5,186,945</u>	<u>-</u>	<u>3,308,452</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>
\$ 36,779,314	\$ 2,625,310	\$ 16,439,119	\$ 9,864,128	\$ 8,592,373	\$ 1,416,702	\$ 155,484,268
1,556,266	415,484	215,488	499,114	244,308	6,086,645	12,479,771
<u>38,335,580</u>	<u>3,040,794</u>	<u>16,654,607</u>	<u>10,363,242</u>	<u>8,836,681</u>	<u>7,503,347</u>	<u>167,964,039</u>
30,958,461	11,685,542	26,550,499	22,211,408	18,686,811	430,716	291,502,707
8,999,020	64,682	265,730	26,693	468,842	5,242,536	16,379,540
16,693,342	4,121,503	7,786,097	3,951,601	6,736,544	6,872,429	87,383,738
5,502,475	4,003,507	4,595,930	5,196,869	4,635,210	8,142,245	73,664,939
9,631,960	3,845,482	5,689,960	3,543,353	4,274,890	51,943,026	112,298,278
2,748,310	4,590,315	6,723,806	4,584,734	4,418,059	3,818,157	68,609,406
10,810,045	5,490,321	6,435,241	4,655,074	9,377,193	609,127	96,914,280
11,885,164	522,610	903,284	1,249,457	3,329,031	10,958,654	50,662,381
3,035,065	2,609,776	4,972,513	5,023,305	3,623,019	6,616,548	50,077,296
2,250	-	19,352	-	19,534	343,231	447,281
<u>100,266,092</u>	<u>36,933,738</u>	<u>63,942,412</u>	<u>50,442,494</u>	<u>55,569,133</u>	<u>94,976,669</u>	<u>847,939,846</u>
(61,930,512)	(33,892,944)	(47,287,805)	(40,079,252)	(46,732,452)	(87,473,322)	(679,975,807)
52,968,244	23,296,738	38,187,733	30,951,085	29,326,105	91,536,354	517,730,977
1,342,856	235,761	768,097	475,025	566,099	-	7,409,500
-	-	-	-	-	9,473,569	9,629,336
20,915,460	9,860,399	12,136,421	8,445,120	19,562,822	4,486,217	186,039,952
1,361,611	1,850	3,725	5,161	75,967	325,729	2,566,808
7,848,941	495,450	517,822	219,893	340,181	-	13,259,529
1,163	2,746	-	-	-	2,331,464	2,340,582
-	-	-	-	-	(22,510,609)	(22,511,671)
<u>(20,994)</u>	<u>-</u>	<u>-</u>	<u>(17,032)</u>	<u>(140,625)</u>	<u>(549,744)</u>	<u>(875,340)</u>
<u>84,417,281</u>	<u>33,892,944</u>	<u>51,613,798</u>	<u>40,079,252</u>	<u>49,730,549</u>	<u>85,092,980</u>	<u>715,589,673</u>
22,486,769	-	4,325,993	-	2,998,097	(2,380,342)	35,613,866
2,000	-	1,226,723	-	-	-	1,540,771
<u>22,488,769</u>	<u>-</u>	<u>5,552,716</u>	<u>-</u>	<u>2,998,097</u>	<u>(2,380,342)</u>	<u>37,154,637</u>
Total net position - July 1, 2014, as restated						<u>213,347,626</u>
Total net position - June 30, 2015						\$ <u><u>250,502,263</u></u>

**Maricopa County Community College District**  
**Notes to Supplemental Information**  
**For the Year Ended June 30, 2015**

**NOTE 1 - Statement of Purpose**

The Maricopa County Community College District Statement of Revenues, Expenses, and Changes in Net Position by College/Center for the Year Ended June 30, 2015, is required by the terms of a Memorandum of Understanding (MOU) between the Maricopa County Community College District (the District) and the Higher Learning Commission (HLC), a commission of the North Central Association of Colleges and Schools (NCA). The MOU outlines an appropriate pattern of evidence to be made available by the District for purposes of meeting certain NCA Criteria for Accreditation related to financial resources/uses and other assurances. This schedule presents revenues and expenses for each college/center within the District.

**NOTE 2 - Basis of Allocation**

The District receives and records property taxes and state appropriations revenues on behalf of the colleges. For the purpose of this schedule, these revenues are allocated to the colleges on the basis of full-time student equivalents and a distribution of District Support Services Center costs. Maricopa Skill Center is included with GateWay Community College and Southwest Skill Center is included with Estrella Mountain Community College.



# Statistical Section

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

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

## **Financial Trends**

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

## **Revenue Capacity**

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

## **Debt Capacity**

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

## **Demographic and Economic Information**

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

## **Operating Information**

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



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

	<b>Fiscal Year</b>				
	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>
Net investment in capital assets	\$ 289,058	\$ 272,857	\$ 259,717	\$ 246,511	\$ 208,096
Restricted – nonexpendable	591	569	654	606	561
Restricted – expendable	104,437	105,191	106,252	134,913	157,455
Unrestricted	(143,584)	436,819	428,439	429,800	397,492
Total net position	<u>\$ 250,502</u>	<u>\$ 815,436</u>	<u>\$ 795,062</u>	<u>\$ 811,830</u>	<u>\$ 763,604</u>

	<b>Fiscal Year</b>				
	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>	<b>2006-07</b>	<b>2005-06</b>
Invested in capital assets, net of related debt	\$ 175,468	\$ 150,334	\$ 129,637	\$ 109,963	\$ 103,429
Restricted – nonexpendable	553	580	669	921	1,040
Restricted – expendable	161,236	173,756	169,006	147,832	115,033
Unrestricted	322,796	256,120	199,401	159,161	135,415
Total net position	<u>\$ 660,053</u>	<u>\$ 580,790</u>	<u>\$ 498,713</u>	<u>\$ 417,877</u>	<u>\$ 354,917</u>

Source: Comprehensive Annual Financial Reports for years presented.

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

	<b>Fiscal Year</b>				
	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>
Instruction	\$ 291,503	\$ 284,652	\$ 286,661	\$ 274,682	\$ 266,455
Public service	16,380	16,811	16,797	16,239	15,979
Academic support	87,384	86,963	81,347	74,342	69,546
Student services	73,666	72,056	70,305	63,909	63,399 (2)
Institutional support	112,298	116,376	133,259	106,910	102,214
Operation and maintenance of plant	68,609	69,430	67,244	66,863	59,185
Student financial assistance	96,914	102,958	112,538	120,209	111,598 (2)
Auxiliary enterprises	50,662	48,480	53,760	50,419	43,124
Depreciation	50,077	48,271	43,893	39,048	36,744
Other	447	340	2,380	1,119	1,215
Total operating expenses	<u>847,940</u>	<u>846,337</u>	<u>868,184</u>	<u>813,740</u>	<u>769,459</u>
Interest expense on debt	22,512	24,779	22,275	23,378	24,192
Loss on sale/disposal of capital assets	875	2,397	80	564	109
Total nonoperating expenses	<u>23,387</u>	<u>27,176</u>	<u>22,355</u>	<u>23,942</u>	<u>24,301</u>
Total expenses	<u>\$ 871,327</u>	<u>\$ 873,513</u>	<u>\$ 890,539</u>	<u>\$ 837,682</u>	<u>\$ 793,760</u>

	<b>Fiscal Year</b>				
	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>	<b>2006-07</b>	<b>2005-06</b>
Instruction	\$ 259,910	\$ 262,226	\$ 252,671	\$ 252,772	\$ 237,735
Public service	16,409	15,180	13,776	13,269	13,552
Academic support	61,932	63,594	60,482	58,273	54,342
Student services	128,365 (1)	79,002	66,436	62,432	62,467
Institutional support	109,509 (1)	112,944	107,202	102,096	91,872
Operation and maintenance of plant	66,907 (1)	53,450	49,394	42,245	37,664
Student financial assistance	4,060 (1)	3,184	3,531	3,147	2,901
Auxiliary enterprises	50,056 (1)	64,611	58,990	63,643	63,601
Depreciation	36,330	30,751	28,821	28,166	22,470
Other	1,013	948	601	585	602
Total operating expenses	<u>734,491</u>	<u>685,890</u>	<u>641,904</u>	<u>626,628</u>	<u>587,206</u>
Interest expense on debt	26,309	23,364	23,825	18,040	17,365
Loss on sale/disposal of capital assets	8	-	181	-	-
Total nonoperating expenses	<u>26,317</u>	<u>23,364</u>	<u>24,006</u>	<u>18,040</u>	<u>17,365</u>
Total expenses	<u>\$ 760,808</u>	<u>\$ 709,254</u>	<u>\$ 665,910</u>	<u>\$ 644,668</u>	<u>\$ 604,571</u>

Source: Comprehensive Annual Financial Reports for years presented.

(1) As adjusted in fiscal year 2011.

(2) As adjusted in fiscal year 2012.



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

	<b>Fiscal Year</b>				
	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>
Salaries and benefits	\$ 542,016	\$ 533,597	\$ 527,939	\$ 503,016	\$ 485,559
Contract services	77,727	64,118	66,826	57,597	51,583
Financial aid	103,414	110,664	120,046	127,529	118,305
Depreciation	50,077	48,271	43,893	39,048	36,744
Communications, utilities, and travel	24,421	23,310	24,897	24,512	22,562
Noncapitalized equipment	19,746	20,065	24,522	24,843	17,088
Supplies and materials	17,369	21,100	20,754	21,099	19,585
Subscriptions, dues, insurance, and rentals	10,565	10,339	9,508	10,391	9,477
Other expenses	2,605	14,873	29,799	5,705	8,556
Total operating expenses	<u>847,940</u>	<u>846,337</u>	<u>868,184</u>	<u>813,740</u>	<u>769,459</u>
Interest expense on debt	22,512	24,779	22,275	23,378	24,192
Loss on sale/disposal of capital assets	875	2,397	80	564	109
Total nonoperating expenses	<u>23,387</u>	<u>27,176</u>	<u>22,355</u>	<u>23,942</u>	<u>24,301</u>
Total expenses	<u>\$ 871,327</u>	<u>\$ 873,513</u>	<u>\$ 890,539</u>	<u>\$ 837,682</u>	<u>\$ 793,760</u>

	<b>Fiscal Year</b>				
	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>	<b>2006-07</b>	<b>2005-06</b>
Salaries and benefits	\$ 477,348	\$ 476,551	\$ 448,083	\$ 440,052	\$ 410,438
Contract services	48,031	51,283	52,067	53,373	48,746
Financial aid	97,300	44,665	36,330	36,565	37,481
Depreciation	36,330	30,751	28,821	28,166	22,470
Communications, utilities, and travel	21,258	20,827	20,979	19,762	19,431
Noncapitalized equipment	29,294	29,393	24,102	18,493	19,208
Supplies and materials	19,700	16,673	18,497	16,575	18,422
Subscriptions, dues, insurance, and rentals	9,421	9,802	9,698	9,441	8,511
Other expenses	8,380	5,945	3,327	4,201	2,499
Total operating expenses	<u>747,062</u>	<u>685,890</u>	<u>641,904</u>	<u>626,628</u>	<u>587,206</u>
Interest expense on debt	26,309	23,364	23,825	18,040	17,365
Loss on sale/disposal of capital assets	8	-	181	-	-
Total nonoperating expenses	<u>26,317</u>	<u>23,364</u>	<u>24,006</u>	<u>18,040</u>	<u>17,365</u>
Total expenses	<u>\$ 773,379</u>	<u>\$ 709,254</u>	<u>\$ 665,910</u>	<u>\$ 644,668</u>	<u>\$ 604,571</u>

Source: Comprehensive Annual Financial Reports for years presented.

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

	<b>Fiscal Year</b>				
	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>
Tuition and fees, net of scholarship allowance	\$ 155,484	\$ 153,195	\$ 149,178	\$ 150,443	\$ 145,711
Other	12,480	11,596	14,515	14,144	16,621
Total operating revenues	<u>167,964</u>	<u>164,791</u>	<u>163,693</u>	<u>164,587</u>	<u>162,332</u>
Property taxes	517,731	497,466	475,439	466,813	460,519
State appropriations	7,410	7,914	8,316	6,891	45,327
State-shared sales tax	9,629	8,928	7,452	7,712	7,365
Government grants and contracts	186,040	195,169	208,101	222,604	205,301
Private grants and contracts	2,567	2,454	2,872	3,601	3,892
Private gifts	13,260	14,029	10,567	10,280	10,997
Investment income, net of investment expense	2,341	2,728	1,488	2,644	1,228
Gain on sale/disposal of capital assets	-	-	-	-	-
Total nonoperating revenues	<u>738,978</u>	<u>728,688</u>	<u>714,235</u>	<u>720,545</u>	<u>734,629</u>
Total revenues	<u>\$ 906,942</u>	<u>\$ 893,479</u>	<u>\$ 877,928</u>	<u>\$ 885,132</u>	<u>\$ 896,961</u>

	<b>Fiscal Year</b>				
	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>	<b>2006-07</b>	<b>2005-06</b>
Tuition and fees, net of scholarship allowance	\$ 146,804 (1)	\$ 151,219	\$ 141,086	\$ 141,232	\$ 127,543
Other	14,874	12,538	12,860	13,645	15,028
Total operating revenues	<u>161,678</u>	<u>163,757</u>	<u>153,946</u>	<u>154,877</u>	<u>142,571</u>
Property taxes	453,615	443,029	399,567	364,536	324,593
State appropriations	45,327	51,128	57,529	57,528	54,863
State-shared sales tax	7,117	7,233	8,946	10,255	8,436
Government grants and contracts	156,707	99,708	74,690	70,062	72,199
Private grants and contracts	3,602	3,842	3,749	4,566	4,052
Private gifts	10,056	13,726	13,272	12,386	9,962
Investment income, net of investment expense	1,444	8,194	23,089	21,267	16,947
Gain on sale/disposal of capital assets	-	474	-	69	207
Total nonoperating revenues	<u>677,868</u>	<u>627,334</u>	<u>580,842</u>	<u>540,669</u>	<u>491,259</u>
Total revenues	<u>\$ 839,546</u>	<u>\$ 791,091</u>	<u>\$ 734,788</u>	<u>\$ 695,546</u>	<u>\$ 633,830</u>

Source: Comprehensive Annual Financial Reports for years presented.

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

(1) As adjusted in fiscal year 2011.

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

	<b>Fiscal Year</b>				
	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>
Income (loss) before other changes in net position	\$ 35,614	\$ 19,966	\$ (12,611)	\$ 47,450	\$ 103,201
Capital appropriations	-	-	-	-	-
Capital grants and gifts	1,541	408	540	776	351
Total change in net position	<u>\$ 37,155</u>	<u>\$ 20,374</u>	<u>\$ (12,071)</u>	<u>\$ 48,226</u>	<u>\$ 103,552</u>

	<b>Fiscal Year</b>				
	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>	<b>2006-07</b>	<b>2005-06</b>
Income (loss) before other changes in net position	\$ 78,737	\$ 81,838	\$ 68,878	\$ 50,878	\$ 29,259
Capital appropriations	-	-	11,204	11,422	10,978
Capital grants and gifts	526	238	754	659	558
Total change in net position	<u>\$ 79,263</u>	<u>\$ 82,076</u>	<u>\$ 80,836</u>	<u>\$ 62,959</u>	<u>\$ 40,795</u>

Source: Comprehensive Annual Financial Reports for years presented.

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

Fiscal Year	Property Values Assessed			Total Direct Tax Rate	Total Secured and Unsecured Estimated Market Value	Total Secondary Assessed Value as a Percent of Total Market Value
	Secured	Unsecured	Total			
2014-15	\$ 33,658,024	\$ 1,421,622	\$ 35,079,646	\$ 1.5187	\$ 339,536,632	10.3 %
2013-14	30,817,627	1,411,380 (1)	32,229,007	1.5340	310,300,015	10.4
2012-13	33,136,394	1,264,062	34,400,456	1.3778	321,960,274	10.7
2011-12	37,474,985	1,285,312	38,760,297	1.2082	359,682,346	10.8
2010-11	48,247,443	1,415,100	49,662,543	0.9728	444,097,352	11.2
2009-10	56,523,957	1,460,095	57,984,052	0.8844	516,184,657	11.2
2008-09	56,831,715	1,471,920	58,303,635	0.9386	516,677,465	11.3
2007-08	48,136,309	1,398,265	49,534,574	0.9760	431,682,163	11.5
2006-07	34,922,001	1,372,693	36,294,694	1.0646	301,474,323	12.0
2005-06	31,886,842	1,310,376	33,197,218	1.0315	273,817,028	12.1

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

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

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

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

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

Fiscal Year	Maricopa County Community College District Direct Rate			Overlapping Rates					
	Primary Levy	Secondary Levy	Total	Maricopa County	Education Equalization	Central Arizona Water Conservation District	Other Special Districts	School Districts	Cities
2014-15	\$ 1.2824	\$ 0.2363	\$ 1.5187	\$ 1.52	\$ .51	\$ .14	\$ 0 - 5.61	\$ .77 - 10.64	\$ 0 - 3.75
2013-14	1.2896	0.2444	1.5340	1.46	.51	.14	0 - 5.30	.75 - 10.22	0 - 4.04
2012-13	1.1563	0.2215	1.3778	1.47	.47	.10	0 - 6.15	.77 - 10.45	0 - 3.89
2011-12	1.0123	0.1959	1.2082	1.47	.43	.10	0 - 4.05	.76 - 10.80	0 - 2.91
2010-11	0.7926	0.1802	0.9728	1.24	.36	.10	0 - 3.30	.71 - 10.80	0 - 2.44
2009-10	0.7246	0.1598	0.8844	1.16	.33	.10	0 - 3.30	.78 - 10.84	0 - 2.51
2008-09	0.7752	0.1634	0.9386	1.20	.00	.10	0 - 3.30	.69 - 12.72	0 - 2.30
2007-08	0.8246	0.1514	0.9760	1.30 (1)	.00	.10	0 - 3.86	.94 - 8.76	0 - 2.67
2006-07	0.8815	0.1831	1.0646	1.43 (1)	.00	.12	0 - 3.86	.88 - 14.72	0 - 2.97
2005-06	0.8936	0.1379	1.0315	1.46 (1)	.44	.12	0 - 3.86	1.02 - 14.33	0 - 2.43

Source: District records and Maricopa County Department of Finance.

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

(1) Data updated in fiscal year 2009.

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

Taxpayer	Fiscal Year 2014-15			Fiscal Year 2005-06		
	2014-2015 Secondary Assessed Value	Rank	Percentage of 2014-2015 Secondary Assessed Value	2005-2006 Secondary Assessed Value	Rank	Percentage of 2005-2006 Secondary Assessed Value
Arizona Public Service Company	\$ 1,096,239,843	1	3.13 %	\$ 960,770,161	1	2.89 %
Southwest Gas Corporation	153,373,606	2	0.44	148,557,030	4	0.45
Qwest Corporation / US West	141,182,026	3	0.40	430,859,239	2	1.30
Southern California Edison Co.	139,188,489	4	0.40	165,327,964	3	0.50
El Paso Electric Co.	126,160,779	5	0.36	136,742,115	5	0.41
Mesquite Power LLC	90,250,000	6	0.26	*		
Wal-Mart Stores Inc.	82,852,823	7	0.24	*		
Public Service Company of New Mexico	73,804,604	8	0.21	78,035,265	7	0.24
Arizona Solar One LLC	71,262,919	9	0.20	*		
Sundevil Power Holdings, LLC	69,891,500	10	0.20	*		
Cox Communications	*			103,396,395	6	0.31
Intel Corporation	*			72,236,151	8	0.22
Target Corporation	*			65,925,348	9	0.20
Wells Fargo Bank	*			65,614,265	10	0.20
<b>Total Principal Taxpayers</b>	<b>\$ 2,044,206,589</b>		<b>5.84 %</b>	<b>\$ 2,227,463,933</b>		<b>6.72 %</b>
Countywide Secondary Valuation	\$35,079,646,593			\$33,197,218,398		

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

Source: Maricopa County Assessor's Office.

Note: Salt River Project, a local utility, pays an in-lieu tax based on an estimated assessed valuation. The net assessed valuation for tax year 2014 is \$679,290,980.

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

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)		Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Total Collections to Date		
	Adjustments			Amount	Percentage of Original Levy	Collections in Subsequent Years	Amount	Percentage of Adjusted Levy
2014-15	\$ 429,518,349	\$ (2,140,882)	\$ 427,377,468	\$ 421,433,519	98.12 %	\$ -	\$ 421,433,519	98.61 %
2013-14	412,859,522	(2,459,643)	410,399,879	410,094,397	99.33	(5,448,594)	404,645,803	98.60
2012-13	396,785,236	(4,337,624)	392,447,611	392,244,985	98.86	494,936	392,739,921	100.07
2011-12	389,873,218	(5,537,381)	384,335,837	384,143,166	98.53	346,389	384,489,555	100.04
2010-11	370,496,996	(6,688,908)	363,808,088	363,615,830	98.14	71,315	363,687,145	99.97
2009-10	360,956,407	(4,407,451)	356,548,955	356,364,243	98.73	(37,820)	356,326,424	99.94
2008-09	348,288,338	(2,912,532)	345,375,806	345,188,861	99.11	5,698	345,194,559	99.95
2007-08	322,620,948	(2,749,266)	319,871,682	319,741,759	99.11	(1,310)	319,740,449	99.96
2006-07	298,843,188	(3,438,345)	295,404,843	295,296,016	98.81	31,790	295,327,806	99.97
2005-06	277,063,231	(3,264,556)	273,798,675	273,669,306	98.78	25,160	273,694,466	99.96

Sources: Maricopa County Treasurer and District records.

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

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

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

**District Historic Tuition and Fees**

Fiscal Year	Per Credit Hour			Annual Cost Per Full-time Student	Increase	
	General Tuition	Fees	Combined Total		Dollars	Percent
2014-15	\$ 84.00	\$ - (4)	\$ 84.00	2,520.00	90.00	3.70 %
2013-14	79.00	2.00	81.00	2,430.00	150.00	6.58
2012-13	74.00	2.00	76.00	2,280.00	0.00	-
2011-12	74.00	2.00	76.00	2,280.00	150.00	7.04
2010-11	69.00	2.00	71.00	2,130.00	0.00	-
2009-10	69.00	2.00	71.00	2,130.00	0.00	-
2008-09	69.00	2.00	71.00	2,130.00	180.00	9.23
2007-08	63.50	1.50	65.00	1,950.00	0.00	-
2006-07	63.50	1.50	65.00	1,950.00	150.00	8.33
2005-06	58.50	1.50	60.00	1,800.00	150.00	9.09

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

Fiscal Year	Maricopa District		National Community College Average (1)		Arizona Universities Average (3)	
	Annual Cost	Percent Change	Annual Cost	Percent Change	Annual Cost	Percent Change
2014-15	\$ 2,430.00	- %	\$ 3,264.00 (2)	13.25 %	\$ 10,368.00	3.23 %
2013-14	2,430.00	6.58	2,882.00	3.22	10,044.00	3.81
2012-13	2,280.00	-	2,792.00	5.28	9,675.00	1.57
2011-12	2,280.00	7.04	2,652.00	8.73	9,525.00	28.53
2010-11	2,130.00	-	2,439.00	6.74	7,411.00	16.27
2009-10	2,130.00	-	2,285.00	6.98	6,374.00	14.95
2008-09	2,130.00	9.23	2,136.00	3.64	5,545.00	12.04
2007-08	1,950.00	-	2,061.00	2.13	4,949.00	6.16
2006-07	1,950.00	8.33	2,018.00	4.29	4,662.00	5.28
2005-06	1,800.00	9.09	1,935.00	4.65	4,428.00	8.69

Source: District records.

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

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

Note 3: Arizona Board of Regents, Tuition History.

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



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

	<b>For the Fiscal Year Ended June 30</b>				
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>General Bonded Debt</b>					
General obligation bonds, net	\$ 670,567	\$ 731,665	\$ 787,567	\$ 682,342	\$ 750,614
Per capita	\$ 167.28	\$ 185.47	\$ 202.74	\$ 177.54	\$ 196.29
Per student	\$ 3,114.57	\$ 3,232.04	\$ 3,309.84	\$ 2,771.90	\$ 2,940.72
Per FTSE	\$ 8,805.87	\$ 9,326.04	\$ 9,696.95	\$ 8,218.61	\$ 8,878.38
<b>Other Debt</b>					
Revenue bonds	\$ -	\$ -	\$ 410	\$ 1,240	\$ 12,585
Capital lease obligations	-	25	49	72	94
Total outstanding debt	<u>\$ 670,567</u>	<u>\$ 731,690</u>	<u>\$ 788,026</u>	<u>\$ 683,654</u>	<u>\$ 763,293</u>
Per capita	\$ 167.28	\$ 185.48	\$ 202.85	\$ 177.88	\$ 199.60
Per student	\$ 3,114.57	\$ 3,232.15	\$ 3,311.77	\$ 2,777.23	\$ 2,990.40
Per FTSE	\$ 8,805.87	\$ 9,326.36	\$ 9,702.60	\$ 8,234.41	\$ 9,028.35

	<b>For the Fiscal Year Ended June 30</b>				
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>General Bonded Debt</b>					
General obligation bonds	\$ 659,941	\$ 734,798	\$ 561,229	\$ 613,589	\$ 404,093
Per capita	\$ 164.03	\$ 184.25	\$ 143.63	\$ 161.78	\$ 110.75
Per student	\$ 2,710.90	\$ 3,179.57	\$ 2,449.35	\$ 2,616.32	\$ 1,695.32
Per FTSE	\$ 8,444.65	\$ 10,482.29	\$ 8,246.70	\$ 8,820.81	\$ 5,770.70
<b>Other Debt</b>					
Revenue bonds	\$ 14,000	\$ 15,905	\$ 18,300	\$ 20,605	\$ 23,360
Capital lease obligations	115	136	211	419	556
Total outstanding debt	<u>\$ 674,056</u>	<u>\$ 750,839</u>	<u>\$ 579,740</u>	<u>\$ 634,613</u>	<u>\$ 428,009</u>
Per capita	\$ 167.54	\$ 188.28	\$ 148.37	\$ 167.33	\$ 117.31
Per student	\$ 2,768.88	\$ 3,248.98	\$ 2,530.14	\$ 2,705.96	\$ 1,795.66
Per FTSE	\$ 8,625.27	\$ 10,711.12	\$ 8,518.70	\$ 9,123.05	\$ 6,112.23

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

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

<b>Fiscal Year</b>	<b>Gross Revenues (1)</b>	<b>Debt Service Requirements</b>			<b>Coverage Ratio</b>
		<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2014-15	\$ 256,922,245	-	-	-	0.0
2013-14	259,054,302	-	-	-	0.0
2012-13	262,851,300	410,000	8,200	418,200	628.5
2011-12	272,839,165	830,000	33,000	863,000	316.2
2010-11	256,779,951	795,000	533,980	1,328,980	193.2
2009-10	236,571,816	1,415,000	580,081	1,995,081	118.6
2008-09	216,932,185	1,905,000	649,415	2,554,415	84.9
2007-08	215,355,081	2,395,000	728,534	3,123,534	68.9
2006-07	209,985,122	2,305,000	806,652	3,111,652	67.5
2005-06	192,425,062	2,755,000	899,566	3,654,566	52.7

Source: District records.

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

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

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

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

	Fiscal Year				
	2014-15	2013-14	2012-13	2011-12	2010-11
Debt Limit	\$ 5,261,946,989	\$ 4,834,351,022	\$ 5,160,068,357	\$ 5,814,044,507	\$ 7,449,381,543
Total net debt applicable to limit	<u>593,820,000</u>	<u>654,215,000</u>	<u>712,783,980</u>	<u>615,066,983</u>	<u>671,250,000</u>
Legal debt margin	<u>\$ 4,668,126,989</u>	<u>\$ 4,180,136,022</u>	<u>\$ 4,447,284,377</u>	<u>\$ 5,198,977,524</u>	<u>\$ 6,778,131,543</u>
Total net debt applicable to the limit as a percentage of debt limit	11.29%	13.53%	13.81%	10.58%	9.01%

	Fiscal Year				
	2009-10	2008-09 (1)	2007-08	2006-07	2005-06
Debt Limit	\$ 8,697,607,758	\$ 8,745,545,293	\$ 7,430,186,075	\$ 5,444,204,040	\$ 4,979,582,760
Total net debt applicable to limit	<u>587,930,000</u>	<u>653,040,000</u>	<u>507,390,000</u>	<u>557,390,000</u>	<u>369,320,000</u>
Legal debt margin	<u>\$ 8,109,677,758</u>	<u>\$ 8,092,505,293</u>	<u>\$ 6,922,796,075</u>	<u>\$ 4,886,814,040</u>	<u>\$ 4,610,262,760</u>
Total net debt applicable to the limit as a percentage of debt limit	6.76%	7.47%	6.83%	10.24%	7.42%

**Legal Debt Margin Calculation for Fiscal Year 2014-15**

Secondary Assessed Value of Real and Personal Property	\$ 35,079,646,593
Debt Limit, 15% of Secondary Assessed Value	<u>5,261,946,989</u>
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonded Debt	654,190,000
Capital Leases	-
Amount Available for Debt Repayment	<u>(60,370,000)</u>
Total Debt Applicable to Debt Limit	<u>593,820,000</u>
Legal Debt Margin	<u>\$ 4,668,126,989</u>

Note: The Arizona Constitution, Article 9, Section 8, states that a county or school district may become indebted for an amount not to exceed fifteen percent of taxable property. For fiscal year 2014-15, the District was at 1.69%.

(1) Data corrected in fiscal year 2010.

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

<u>Year</u>	<u>County Population</u>	<u>County Personal Income (In Thousands)</u>	<u>County Income per Capita</u>	<u>Phoenix Metro Area Unemployment Rate – June</u>
2015	4,008,651	Not Available (1)	Not Available (1)	5.4 %
2014	3,944,859	\$ 168,483,421	\$ 41,222	6.5
2013	3,884,705	160,537,029	40,003	7.3
2012	3,843,370	154,926,697 (2)	39,300 (2)	7.7
2011	3,824,058	147,724,392	38,071	9.2
2010	4,023,331	140,351,646	36,695	9.8
2009	3,987,942	137,970,508	36,272	9.6
2008	3,907,492	148,462,926	39,369	5.2
2007	3,792,675	145,880,680	37,666	3.1
2006	3,648,545	139,069,591	36,829	3.7

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

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

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

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

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

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

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

<b>Employer</b>	<b>Fiscal Year 2014-15</b>			<b>Fiscal Year 2005-06</b>		
	<b>Number of Full-Time Equivalent Employees in Arizona</b>	<b>Rank</b>	<b>Percentage of Total MSA Employment</b>	<b>Number of Full-Time Equivalent Employees in Arizona</b>	<b>Rank</b>	<b>Percentage of Total MSA Employment</b>
State of Arizona	50,816	1	2.48 %	49,958	1	2.57 %
Banner Health System	35,406	2	1.73	19,250	3	0.99
Wal-Mart Stores, Inc.	32,373	3	1.58	28,246	2	1.45
Fry's Food Stores	17,286	4	0.84	*		
City of Phoenix	14,585	5	0.71	13,844	4	0.71
Wells Fargo & Company	14,480	6	0.71	11,533	6	0.59
Maricopa County	13,567	7	0.66	13,002	5	0.67
Arizona State University	12,676	8	0.62	11,202	7	0.58
Dignity Health	12,100	9	0.59	*		
University of Arizona	11,442	10	0.56	*		
Honeywell Aerospace	*			10,700	9	0.55
Raytheon Co.	*			10,300	10	0.53
US Postal Service - AZ District	*			11,000	8	0.57
<b>Total Principal Employers</b>	<b>214,731</b>		<b>10.49 %</b>	<b>179,035</b>		<b>9.20 %</b>
Total Employment in Phoenix-Mesa-Glendale, AZ, Metropolitan Statistical Area as of June 30	2,047,263			1,946,039		

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

Source: The Business Journal, Book of Lists.

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

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

	<b>For the Fiscal Year Ended June 30</b>				
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Faculty</b>					
Part-time	5,065	6,801	6,288	5,967	5,104
Full-time	1,394	1,374	1,374	1,361	1,349
<b>Administrative &amp; support staff</b>	3,258	2,961	2,954	3,026	3,024
<b>Total employees</b>	9,717	11,136	10,616	10,354	9,477
Students per faculty member	33	28	31	34	40
Students per staff member	66	76	81	81	84
Average class size	21	21	21	22	22

	<b>For the Fiscal Year Ended June 30</b>				
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Faculty</b>					
Part-time	5,764	5,424	4,995	6,061	6,131
Full-time	1,354	1,340	1,373	1,376	1,386
<b>Administrative &amp; support staff</b>	3,012	3,050	3,064	2,914	2,942
<b>Total employees</b>	10,130	9,814	9,432	10,351	10,459
Students per faculty member	34	34	36	32	32
Students per staff member	81	76	75	80	81
Average class size	22	22	22	21	22

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>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
Phoenix	17,804	19,008	19,476	19,525	21,392	20,247	18,874	18,709	20,275	20,927
Glendale	29,306	30,926	31,666	32,854	32,962	32,378	29,840	29,936	30,767	32,201
GateWay	9,592	10,444	10,962	11,674	13,266	14,159	13,549	14,350	15,633	16,063
Mesa	33,238	36,054	38,602	40,070	41,836	41,759	39,605	39,860	41,594	43,371
Scottsdale	14,770	15,384	16,527	17,474	17,702	17,492	17,343	17,618	17,866	18,719
Rio Salado	46,836	48,333	52,685	56,031	57,746	52,634	50,784	49,806	48,761	46,806
South Mountain	6,159	6,801	7,338	8,027	10,186	9,490	8,905	7,799	7,212	7,534
Chandler-Gilbert	19,225	19,297	19,791	19,611	17,938	16,388	15,696	15,101	14,033	13,240
Paradise Valley	13,314	14,198	14,380	15,246	16,046	15,673	14,633	14,159	14,006	13,958
Estrella Mountain	12,994	13,009	12,475	12,508	12,612	11,636	10,551	10,026	9,938	9,886
Skill Centers	1,752	1,681	1,748	2,016	2,298	2,471	2,097	1,527	1,815	1,757
Adult Basic Education	10,310	11,244	12,297	11,128	11,264	9,113	9,223	10,243	12,624	13,896
<b>Total</b>	<b>215,300</b>	<b>226,379</b>	<b>237,947</b>	<b>246,164</b>	<b>255,248</b>	<b>243,440</b>	<b>231,100</b>	<b>229,134</b>	<b>234,524</b>	<b>238,358</b>

**Historic FTSE**

<u>College/Center</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
Phoenix	6,753	6,977	7,001	7,137	7,576	6,821	5,911	5,848	6,253	6,546
Glendale	11,799	12,390	12,473	12,728	12,777	11,959	10,428	10,023	10,248	10,566
GateWay	3,310	3,482	3,415	3,567	3,897	3,823	3,661	3,677	3,805	3,847
Mesa	13,148	13,886	14,709	15,363	16,097	15,501	13,792	13,653	14,432	14,999
Scottsdale	5,362	5,622	6,030	6,350	6,397	6,312	5,896	5,949	5,926	6,006
Rio Salado	12,494	12,584	13,815	14,263	14,378	12,220	11,937	12,230	12,127	11,620
South Mountain	2,423	2,586	2,737	2,778	2,954	2,746	2,251	2,086	2,052	2,067
Chandler-Gilbert	7,894	7,936	8,047	7,830	7,206	6,465	5,677	5,326	4,803	4,501
Paradise Valley	4,882	5,109	5,260	5,503	5,715	5,505	4,826	4,368	4,451	4,378
Estrella Mountain	5,522	5,330	4,932	4,709	4,739	4,184	3,416	3,087	3,045	2,887
Skill Center	1,137	1,220	1,171	1,187	1,471	1,530	1,309	629	727	780
Adult Basic Education	1,426	1,332	1,628	1,609	1,337	1,083	995	1,179	1,692	1,828
<b>Total</b>	<b>76,150</b>	<b>78,454</b>	<b>81,218</b>	<b>83,024</b>	<b>84,544</b>	<b>78,149</b>	<b>70,099</b>	<b>68,055</b>	<b>69,561</b>	<b>70,025</b>

**Degrees and Certificates Awarded**

	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
Associate of Arts	5,040	4,947	4,486	4,360	4,007	3,173	2,853	2,505	2,330	1,897
Associate of Applied Science	3,403	3,429	3,115	3,049	2,900	2,838	2,708	2,505	2,331	2,233
Associate of Business	796	833	723	732	562	526	408	336	293	244
Associate of General Studies	655	690	685	604	601	651	692	740	896	1,042
Associate in Science	891	825	696	630	524	418	395	307	292	237
Associate of Transfer Partnership	-	-	0	11	12	68	189	322	426	512
Academic Certificate	158	196	121	72	41	30	20	6	13	-
Certificates of Completion										
in Occupational Programs	9,118	9,128	8,550	8,589	7,467	5,768	7,166	7,814	8,123	11,107
Arizona General Education Certificate	6,954	6,812	6,073	5,900	5,276	4,312	3,762	2,833	4,650	(1)

Source: District records.

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

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

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

<u>Fiscal Year</u>	<u>Attendance</u>		<u>Enrollment Status</u>			<u>Residency</u>		
	<u>FT</u>	<u>PT</u>	<u>Continuing</u>	<u>New</u>	<u>Former</u>	<u>Resident</u>	<u>Out of County</u>	<u>Out of State</u>
2014-15	28 %	72 %	Unavailable			93 %	3 %	4 %
2013-14	28	72	46 %	39 %	15 %	92	3	5
2012-13	28	72	45	40	15	92	3	5
2011-12	29	71	45	41	14	91	3	6
2010-11	28	72	43	42	15	89	3	8
2009-10	28	72	41	43	16	89	3	8
2008-09	25	75	41	42	17	88	2	10
2007-08	25	75	46	39	15	88	2	10
2006-07	24	76	46	39	15	92	3	5
2005-06	24	76	47	38	15	92	3	5

<u>Fiscal Year</u>	<u>Gender</u>		<u>Ethnic Background</u>						<u>Median Age</u>
	<u>M</u>	<u>F</u>	<u>Native American</u>	<u>Asian</u>	<u>African American</u>	<u>Hispanic</u>	<u>Anglo</u>	<u>Other</u>	
2014-15	44 %	56 %	3 %	5 %	8 %	26 %	48 %	10 %	22
2013-14	44	56	3	5	8	25	50	9	22
2012-13	44	56	3	5	9	23	51	9	22
2011-12	43	57	3	5	9	22	53	8	23
2010-11	43	57	3	4	8	21	55	9	22
2009-10	43	57	3	4	7	20	55	11	22
2008-09	43	57	3	4	6	20	58	9	22
2007-08	43	57	3	4	6	19	58	10	22
2006-07	42	58	3	4	5	20	58	10	23
2005-06	43	57	3	4	5	19	58	11	23

Source: District records.



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

Location	Fiscal Year									
	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Phoenix										
Total Square Footage	753,589	753,589	763,792	699,830	643,816	609,814	609,814	595,300	575,500	575,500
Total Acreage	66.0	65.7	65.7	65.7	63.8	61.5	61.5	61.5	61.5	61.8
Glendale										
Total Square Footage	809,889	809,889	820,986	820,986	820,986	820,986	820,986	735,100	735,100	652,200
Total Acreage	313.1	314.0	314.0	314.0	314.0	314.0	314.0	314.0	314.0	223.0
GateWay										
Total Square Footage	532,697	532,697	532,697	406,074	373,426	373,426	373,426	373,200	373,200	373,200
Total Acreage	43.1	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0	41.8
Mesa										
Total Square Footage	1,019,257	998,333	998,333	997,758	997,758	961,956	982,072	911,219	834,519	820,100
Total Acreage	248.6	248.9	248.9	248.9	248.9	248.3	248.8	248.3	243.3	243.0
Scottsdale										
Total Square Footage	563,937	570,943	566,167	566,167	566,926	559,058	562,058	511,900	510,600	505,300
Total Acreage	162.2	168.0	168.0	168.0	168.0	162.0	162.0	162.0	162.0	162.2
Rio Salado										
Total Square Footage	465,521	465,521	439,909	445,084	409,365	357,028	284,562	445,770	244,285	154,600
Total Acreage	31.4	31.0	31.0	31.0	29.0	19.0	15.0	15.0	15.0	10.0
South Mountain										
Total Square Footage	302,010	302,010	301,490	301,490	301,490	249,885	249,885	247,000	246,700	243,000
Total Acreage	142.9	148.8	148.8	148.8	148.8	148.8	148.8	148.8	148.8	99.9
Chandler-Gilbert										
Total Square Footage	654,380	654,380	580,329	580,329	580,329	562,434	504,988	450,000	446,000	439,200
Total Acreage	189.8	189.3	185.3	173.3	173.3	174.3	174.3	174.3	174.3	173.9
Paradise Valley										
Total Square Footage	440,203	440,203	428,356	424,311	424,311	420,566	420,566	371,900	371,900	21,900
Total Acreage	175.9	171.0	171.0	171.0	171.0	171.0	159.0	159.0	165.0	157.0
Estrella Mountain										
Total Square Footage	333,229	333,229	281,973	281,973	281,973	281,973	250,388	250,000	250,000	251,000
Total Acreage	221.1	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.0	216.1
District Services Support Center										
Total Square Footage	296,483	296,483	296,483	291,299	291,299	291,299	291,299	280,705	240,066	190,400
Total Acreage	11.7	12.1	12.1	9.8	9.8	9.8	9.8	9.8	7.6	5.7
Totals for District:										
Total Square Footage	6,171,195	6,157,277	6,010,515	5,815,301	5,691,679	5,488,425	5,350,044	5,172,094	4,827,870	4,226,400
Total Acreage	1,606.3	1,606.8	1,602.8	1,588.5	1,584.6	1,566.7	1,551.2	1,550.7	1,549.5	1,394.4

Source: District records.



Comprehensive Annual Financial Report

Published and distributed by the District Support Services Center, Business Services Division

2411 West 14<sup>th</sup> Street, Tempe, Arizona 85281-6942

<http://www.maricopa.edu>

(480) 731-8554

The Maricopa Community College District does not discriminate, nor tolerate discrimination, on the basis of race, color, religion, gender, sexual orientation, gender identity, national origin, citizenship status, age, disability, veteran status, or genetic information in employment or in the application, admission, participation, access, and treatment of persons in instructional programs, activities, and employment practices.