



# **Comprehensive Annual Financial Report**

**Fiscal Year Ended June 30, 2001**

**Maricopa County Community College District**

**Phoenix, Arizona**



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**Maricopa County Community College District**

Prepared by  
**Division of Business Services**



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# Introductory Section



December 3, 2001

To the Citizens of the Maricopa County Community College District:

**Fred Gaskin**  
Chancellor

**Family of Colleges**

- Chandler-Gilbert
- Estrella Mountain
- GateWay
- Glendale
- Mesa
- Paradise Valley
- Phoenix College
- Rio Salado
- Scottsdale
- South Mountain

Maricopa  
Skill Centers

**District Support  
Services Center**

2411 West 14th Street  
Tempe, AZ 85281-6942  
480-731-8100  
480-731-8120 FAX

[fred.gaskin@domail.maricopa.edu](mailto:fred.gaskin@domail.maricopa.edu)

The Maricopa Community Colleges continually strive to make higher education comprehensive, affordable and accessible - with an emphasis on future jobs and student transfers to universities. With nearly a quarter million students of all ages enrolled annually, the Maricopa Community Colleges are a national model for higher education. Our ten individually accredited colleges, two skill centers and numerous education sites rank the District among the nation's largest multi-college education systems. As the largest provider of health care training and post-secondary education in Arizona, the Maricopa Community Colleges are proud that more than 60 percent of juniors and seniors at Arizona State University have taken coursework at one of our colleges.

The Maricopa Community Colleges train people to earn a living and, for many, it is their first opportunity for success. We offer more than 8,000 courses in academic and occupational areas serving the needs of a diverse student population reflecting the egalitarian roots of community colleges in Arizona. Students earn certification in a broad array of occupational courses in fields such as welding, air conditioning repair, health care, automotive repair and microchip processing. Extensive partnerships with business and industry add impact and opportunities for thousands of students and modern technology in the classroom and convenient distance learning formats add to students' marketable skills.

The Maricopa Community Colleges believe that in every class there exists a potential author, doctor, painter, physicist or teacher—people who will transfer to four-year institutions and continue their academic journey. We strive to employ top-notch faculty who specialize in their fields of interest - whether full-time or adjunct faculty. We also support our community in its educational endeavors and continue to work with the K-12 education system to recruit and train the best and brightest teachers for the future.

This fast-growing district strives to keep pace with the ever-expanding population of the past decade providing increased space for students, new and renovated buildings, labs, and classrooms as well as high-tech centers designed and equipped to ensure success for all. Recent new centers and campuses include South Mountain Community College at Guadalupe, Glendale Community College North and Mesa Community College at Red Mountain.

Working with and for the citizens of Maricopa County, the Maricopa Community Colleges will continue to be a positive economic and educational force in our valley. Working together, we will meet the challenges facing today's students, build for the future and prepare to meet the needs of a growing population and an expanding workforce.

Sincerely,

Fred Gaskin





**Fred Gaskin**  
Chancellor

December 3, 2001

**Family of Colleges**

Chandler-Gilbert  
Estrella Mountain  
GateWay  
Glendale  
Mesa  
Paradise Valley  
Phoenix College  
Rio Salado  
Scottsdale  
South Mountain

Maricopa  
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fred.gaskin@domail.maricopa.edu

To the Citizens of the Maricopa County Community College District:

We are pleased to convey to you the Comprehensive Annual Financial Report (CAFR) of the Maricopa County Community College District (Maricopa Colleges; the District), Phoenix, Arizona for the fiscal year ended June 30, 2001 (FY 2001).

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with Maricopa Colleges. 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 various funds of Maricopa Colleges. All disclosures necessary to enable the reader to gain an understanding of Maricopa Colleges' financial activities have been included.

The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes a message from the Chancellor, this transmittal letter, Maricopa Colleges' organizational chart, and a list of principal officers. The financial section includes the independent auditors' report, the basic financial statements, and supplemental information. The statistical section includes selected unaudited financial and demographic information, generally presented on a multi-year basis.

**Organization and Administration**

As a political subdivision of the State of Arizona, Maricopa Colleges is subject to statutory authority of the State Board of Directors for Community Colleges of Arizona (the State Board). Maricopa Colleges is operated and maintained by the Maricopa Colleges Governing Board (the Board) which is comprised of five elected members, representing each of the five precincts of the district. These members are elected for six-year terms on a staggered basis.

Arizona Revised Statutes grants the Board authority to enforce the courses of study prescribed by the State Board; appoint and employ administrators, faculty and staff; award degrees, certificates, and diplomas; and maintain general operations and service to the community for a minimum of eight months per year. In addition, the Board is responsible for adopting the annual budget, which is submitted to the State Board.

The State Board has approval authority over tuition and fee rates, acquisitions and construction of real property, and issuance of debt. In addition to submitting an adopted annual budget, the District must also submit a report of actual results to the State Board on an annual basis.

Maricopa Colleges serves the educational needs of the Maricopa County area through 10 accredited institutions and two skill centers, managed by ten college presidents and two directors. District-wide administrative and support services are centralized and administered by the Chancellor, Vice Chancellor for Academic Affairs and Student Development, Vice Chancellor for Business Services, Vice Chancellor for External Relations, Vice Chancellor for Human Resources, and Vice Chancellor for Information Technologies.

## **Entity**

Maricopa Colleges is an independent reporting entity within the criteria established by generally accepted accounting principles and the Governmental Accounting Standards Board (GASB). Although the Maricopa Colleges district shares the same geographic boundaries with Maricopa County, financial accountability over all activities related to public community college education in Maricopa County is exercised by Maricopa Colleges. The financial reporting entity consists of a primary reporting entity and its component units. Maricopa Colleges 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. Furthermore, there are no component units combined with Maricopa Colleges for financial statement presentation purposes, and Maricopa Colleges is not included in any other governmental financial reporting entity.

The Maricopa County Community College Foundation, Inc. is controlled by a separate board of directors; therefore, its activity is not included in the financial statements of Maricopa Colleges.

## **History**

The Maricopa County Community College 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, Maricopa Colleges consists of ten nationally accredited colleges, comprising the nation's largest multi-college community college system.

## **Service to the Community**

Maricopa Colleges is one of the nation's largest and most comprehensive two-year systems, offering affordable education to more than 215,000 individuals year-round in both credit and special-interest/non-credit classes. Maricopa Colleges is the largest single provider of post-secondary education in Arizona.

Composed of 10 colleges, two skill centers and numerous education sites, Maricopa Colleges strives to keep pace with the ever-expanding population of Maricopa County. The county includes metropolitan Phoenix, recognized as one of the nation's fastest-growing metropolitan areas. Such burgeoning population is reflected in the District's average growth rate of about 3%, which is predicted to continue.

To accommodate escalating demand for classes and services, Maricopa Colleges has undertaken an ambitious building expansion program. Since 1995, land has been purchased in northeast Scottsdale in addition to land and building acquisitions to expand campuses in Chandler-Gilbert, Mesa, Scottsdale, Avondale, and Phoenix. Further expansion includes education centers in the retirement communities of Sun Cities and Sun Lakes, the recently opened Guadalupe Learning Center, and the Southwest Skill Center. Various sites located throughout the valley serve to provide additional facilities to meet continued growth and demand. Expanded technology has been incorporated throughout new buildings, labs, classrooms, and libraries/high-tech centers—all designed and equipped to maximize student success.

Maricopa Colleges delivers effective teaching and learning through modern occupational programs and training, extensive partnerships with business and industry, as well as through a vast array of classes that transfer to four-year institutions. There are currently 8,438 credit-course offerings: 2,829 academic courses and 5,609 occupational courses included in 738 occupational programs. Students include those in traditional credit classes as well as senior adults, business men and women, and others taking computer and internet training, job-readiness training, and job-related certificate training. As indicated by racial category, the student enrollment data mirrors the population of Maricopa County: 62% Anglo, 17% Hispanic, 4% African American, 3% Native American, 4% Asian and 10% other.

## **Service to the Community (continued)**

Maricopa Colleges has become a major part of the community and continues to be a pipeline for the State's four-year universities. According to the Office of Institutional Analysis at Arizona State University, 15,213 Fall 2000 ASU main campus undergraduates had transferred Maricopa Colleges credits (representing 44.8% of the total ASU main campus undergraduates). For the University of Arizona in Tucson, over 4,000 undergraduate students transferred Maricopa Colleges credits, according to their Student Research Office.

A variety of direct services to the community are made available by Maricopa Colleges. 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.

## **Contribution to State and Local Economies**

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 (also known as the Valley of the Sun), which is comprised of Phoenix, Glendale, Mesa, Scottsdale, Paradise Valley, Tempe, Peoria, Chandler, and Gilbert, plus other smaller cities and towns and all the unincorporated areas of the County. The County measures 9,222 square miles, making it the 14th largest county in the United States.

For the past three decades, Maricopa County has been one of the most rapidly growing counties in the country in terms of population, employment and personal income. According to the U.S. Census Bureau Population Division, Maricopa County ranks first in the nation for population change (in terms of absolute numbers) since April 1, 1990 — boasting a current population of nearly 3.1 million and growing. Approximately 60% of Arizona's population resides in Maricopa County, which currently ranks as the 4th highest populated in the nation.

The main economic sectors in the County include services, trade, and manufacturing. In fact, Maricopa County has evolved into a major center for high-tech manufacturing such as semi-conductors, electronics and aerospace. As such, it has been increasingly successful in attracting high-tech manufacturing employment, and developing a high technology base in order to position itself to excel in the "new economy".

A solid support infrastructure plays an active role in shaping the State labor force. Three Arizona public universities, the statewide system of community colleges, multiple private colleges, universities and technical institutes, business and industry members, and individual cities and towns are all important factors that serve as a network of key components contributing to the dynamic performance of the Arizona workforce. As a network participant, Maricopa Colleges has become well known both locally and nationally as the largest provider of job training in Arizona for new and expanding companies. The District enjoys ongoing success in forging partnerships with business and industry, especially those with an acute need for technical abilities.

Commendable industrial partnerships in the Maricopa Colleges include automotive service, semiconductor manufacturing, hospitality, health care, and information technology/software industries. These programs, designed to meet both immediate and future labor market demands, provide avenues for retraining and upgrading employee skills. Additional contracts exist between educational institutions and companies for the design and implementation of job-specific learning experiences for employees. Opportunities for scholarships, internships, and hands-on career development opportunities continue to expand.



## **Contribution to State and Local Economies (continued)**

The Maricopa Colleges training prospectus is circulated internationally. Providing cost-effective, customized workforce training has distinguished Maricopa Colleges as an important resource to both local and relocating businesses and industries. Because Maricopa Colleges is an integral part of the economic development of our State and our local region, it is part of the portfolio for prospecting new industries that consider relocation to the Valley of the Sun. Increasing competition for new industry includes domestic and foreign regions also seeking to recruit companies.

## **Overview of National and State Economic Forecasts**

Maricopa County has been an established growth area for the past half century, and according to the Arizona Department of Economic Security Research Administration (RA), the Arizona economy is expected to continue growing throughout the ensuing two-year period. However, even before the terrorist attacks on the U.S., there was widespread consensus that the economy (both nationally and within Arizona) was slowing down. Job growth has slowed, layoffs are occurring, and State government officials have announced mid-year budget cuts due to weakening revenue projections. The events of September 11, 2001 have certainly exacerbated the downward economic spiral. Maricopa County economic activity appears to mirror what is happening in all areas of the country at this time. Partly in response to the forecasted weak national growth, the RA's forecast update now calls for Arizona's economy to show moderate job growth through 2002. The RA forecasts 105,600 jobs will be added in the 2001-02 period as the economy slows to just below two percent annualized growth in 2001, bouncing back to about three percent in 2002.

The age composition of the population is also an important factor that directly affects State revenues and expenditures. Studies show that older people tend to spend less money than younger people. The RA indicates that the Maricopa County population is continuing to age, with a current (2000 census) median age of 33.0. However, the County is younger overall than the State (34.2 median age) and the Nation (35.3 median age). As might be expected, persons between the ages of 35 and 64 account for the bulk of Arizona's population growth – 56% growth in this age group from 1990 to 2000. These aging and population growth patterns are projected to continue to be a significant factor in defining the economic profile of Maricopa County for the foreseeable future.

## **Major Impacts**

Management continually monitors federal and state legislative or regulatory initiatives and other external driving forces; participates in studies to further understand potential impacts of these on the Maricopa Colleges and the future of the communities served; and deploys efforts to institutionalize such initiatives when necessary. These external forces are described below.

## **Sales Tax for Education**

A November 7, 2000, general election ballot initiative (Proposition 301), approved by voters, allows the state to increase sales tax by 6/10 of a percent with proceeds going to Arizona education, including school districts, universities, and community colleges. Funds directed to community colleges are required to be expended for workforce development and job training purposes, including:

## Major Impacts (continued)

- ▲▲ Partnerships between businesses and institutions
- ▲▲ Additional faculty to improve and expand classroom instruction and course offerings
- ▲▲ Technology, equipment, and technology infrastructure for advanced classroom and/or laboratory teaching and learning
- ▲▲ Student services such as assessment, advisement, and counseling
- ▲▲ Purchase or lease of real property and construction, remodel, or repair of facilities

The District received its first allocation of revenues in August 2001. Based on historic state sales tax revenues, it is possible that the District could receive between \$4 and \$5 million in FY 2002, the first year of funding. This initiative also provides funding of \$13 million due under existing statute to community college districts statewide for matching capital outlay related to the construction of new campuses. Of the \$13 million, which is to be paid at a rate of \$1 million per year over a 13-year period, Maricopa Colleges is owed \$5 million and expects to begin receiving payment in FY 2004.

## Biennial Appropriations

For FY 2000 and FY 2001, the State instituted biennial appropriations whereby state aid funds are appropriated once every two years. For Maricopa Colleges, this means that the appropriation in the first year of the biennium is based on prior year actual full time student equivalents (FTSE) with year two of the appropriation based on an estimated amount. Additionally, requests for initiative funds are submitted every two years for both years of the biennium. In the second year of the biennium, adjustments may be made to the second year appropriation based on actual FTSE realized in year one. For the Maricopa Community Colleges, this typically means that additional funds are requested to support actual enrollment growth that exceeds projections. An adjustment, in fact, did occur in FY 2001, although it is not clear that this will occur during every cycle. There are particular concerns for FY 2002 and 2003: the Economic Outlook Center at Arizona State University has informed lawmakers that the State is in a recession. Governor Hull has called a special session of the legislature with the current intention of reducing the FY 2002 and 2003 State budgets by a total of \$1.5 billion. The impact to the Maricopa Community Colleges is unknown at this time, but the District continues to monitor and reforecast its revenues and expenditures, and will make all adjustments needed to continue to maintain financial stability and financial integrity.

The District will continue to adopt an annual budget each fiscal year, and state aid will continue to be allocated quarterly each fiscal year.

## COSO - Maricopa Integrated Risk Assessment

Recent pronouncements along with rapidly changing internal and external environments have changed the way management looks at internal controls and its responsibility for them. These pronouncements are the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 1992 report, *Internal Control - Integrated Framework* and Statement on Auditing Standards (SAS) No. 78 - *Consideration of Internal Control in a Financial Statement Audit*.

The COSO model, which Maricopa Colleges is adopting, defines five interrelated control components: control environment, risk assessment, control activities, information and communication, and monitoring.

## **Major Impacts (continued)**

During FY 1999, Business Services and Legal Office staff began development of a plan to ensure the continuation of a sound control environment, promote the understanding of COSO by all employees, and create an environment of operational efficiency based on integrity and ethical values. Because rapidly changing economic, regulatory, and operating conditions are constants in risk assessment, management is establishing mechanisms to identify the risks associated with these changes. Once risks are identified, internal control policies and procedures will be reviewed and revised as needed to effectively manage them. Because change is a constant in risk factors, internal controls must not be static.

In the fall of 1999, the District Governing Board directed the formation of the Maricopa Integrated Risk Assessment (MIRA, formerly known as MRAP or Maricopa Risk Assessment Process) Support Team. The goal of MIRA is to embed ongoing risk assessment into the culture of the District. Initially, the MIRA will focus on the two most significant components of the COSO model: control environment and risk assessment. Remaining components of the COSO model will be addressed in future years.

Two initiatives resulting from the MIRA project are already underway. The first is the development of a District-wide ethics statement based on guiding principles identified in a district-wide survey. The second is the development of a process for reviewing the financial and operational condition of programs and services to determine the appropriateness of funding levels and to achieve outcomes that advance goals and mandates.

## **New Reporting Model**

In November 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 35, “Basic Financial Statements—and Management’s Discussion and Analysis—for Public Colleges and Universities”. The new standard is designed to provide financial information that is responsive to the needs of primary users of college and university general purpose external financial reports (the citizenry, legislative and oversight bodies, and investors and creditors).

The effect of the proposed statement is a significant change to the financial reporting model currently used by the District and the majority of public higher education institutions. Major changes include the display format of financial information, depreciation accounting, cash flow reporting, and certain comparative information to be included within a narrative discussion and analysis by management. Implementation of the new standards for the District is effective for the fiscal year ending June 30, 2002.

## Major Initiatives

In addition to developing responses to major impacts from external forces as previously described, the District continues to enhance its responsiveness to internal issues, as reflected in the following initiatives.

### Maricopa Governance

In September 1996, the Maricopa Colleges Governing Board revised its internal governance model following the concept of Maricopa Governance. This model stresses the Board's responsibility of leading the Maricopa Colleges while serving as a connecting point to our communities. Four types of policies define the new model:

- |                             |   |
|-----------------------------|---|
| ▲▲ Executive Boundaries     | Policies which provide the prudent and ethical boundaries of acceptable Chancellor acts, practices, and circumstances.                                      |
| ▲▲ Governance Process       | Policies which clarify the Board's own job and rules, including how it plans to interact with others.   |
| ▲▲ Board-Staff Relationship | Policies which describe the relationship and accountability linkage (usually through the Chancellor).   |
| ▲▲ Goals                    | Policies which determine what benefits will occur, for which constituencies, and at what cost. These become prioritized and reflected in the annual budget. |

Maricopa Governance provides Maricopa Colleges more effective and efficient governance by focusing on goals rather than means. An important aspect of Maricopa Governance is the Board's regular monitoring for compliance with the above policies. To this end, the Board adopted a planning calendar that aligns strategic planning activities and budget development. Numerous reports are submitted at regular intervals to measure and demonstrate compliance. The second annual report of measures of adopted goals was recently released. The next major step is the integration of goal setting with outcomes and goals set in the District-wide strategic planning process.

### Strategic Planning

During recent years, the Maricopa Community Colleges' decision-makers at all levels of the organization have examined 'strategic directions', 'strategic priorities', and a variety of seemingly independent 'strategic plans'. The Governing Board identified the need for a systemic District-wide strategic plan and charged the Chancellor and the Chancellor's Executive Council to lead the project.

Maricopa Colleges contends that the responsibility for continuous strategic planning rests at all levels of the organization, and, when integrated, results in greater collaboration. Representatives from throughout the District have formed the Strategic Planning Advisory Council as well as a support team to develop a District-wide Maricopa plan. The task force is using the values determined by the MCCCDC Governing Board as Maricopa's core values. The corresponding outcomes are anticipated to reflect the MCCCDC values, mission, goals, and vision, though these may be continuously reevaluated during the on-going planning process.

Planning is already under way. Much of the required information and data used in the strategic planning process exists as a result of ongoing annual internal and external environmental scans and other performance assessments. It is expected that district-wide strategic initiatives/priorities reflecting the changing Maricopa culture will be completed by Spring 2002, and will be linked to the budget process.

## **Major Initiatives (continued)**

### **Capital Development**

Educational needs of a growing Maricopa County population continue to be addressed by a \$385.8 million capital development program approved by voter referendum in November 1994. These capital funds enable the Maricopa Colleges to expand facilities and technology in order to meet current and future demand for classes and educational services while also improving campus security and energy conservation. At fiscal year-end, the program was about 88% complete, providing approximately 1.6 million square feet of new facilities. The final phase of the seven-year capital development program has been funded through a fourth and final general obligation bond issuance of \$52.5 million. Issued April 2001, this series was awarded the highest possible rating (Aaa) by two of three rating agencies.

Currently, only four of the ten colleges within the District have performing arts centers on campus. These four facilities are in need of remodeling, and five other colleges have been identified as having a need for performing arts centers. In FY 1998, the District first approved funding that would initiate the development of the new performing arts center at Chandler-Gilbert Community College, in response to growing enrollments in the music, theatre, and dance curricula as well as demand from the community. To fund the construction of this center and two others at South Mountain and Paradise Valley Community Colleges, student fees were increased \$.50 per credit hour in FY 1998 and two subsequent fiscal years in anticipation of revenue bond debt issues secured by a general pledge of tuition and fees. Remaining new facility and remodeling projects may also be funded by future revenue bond issues, pending a study of the impact on student fees.

Enrollment at the District's ten colleges, two skill centers and many satellite centers continues to grow. Therefore, staff is exploring the need for future capital development and emerging technology needs.

### **Financial Stability**

Financial stability is the cornerstone upon which each fiscal year budget is developed and adopted. Goals for financial stability enable Maricopa Colleges to manage revenue shortfalls and cash flows to ensure continued operations, and to provide for unforeseen contingencies without impairing the level of quality service needed to respond to our customers. To this end, a Fiscal Management Policy approved by the Board guides the Maricopa Colleges' budgeting process and requires the following:

- ▲▲ The financial stability of Maricopa Colleges will be maintained in perpetuity.
- ▲▲ Financial stability will be measured by actual June 30 General Fund fund balance as a percentage of General Fund revenues.
- ▲▲ The measure of stability will be maintained at between 8% and 10%.
- ▲▲ Only the Board may authorize a different first priority for budget development and adoption.

Since establishing this practice as policy in 1994, Maricopa Colleges has successfully reached this goal each year. For the fiscal year ended June 30, 2001, this resulted in a fund balance of 24.3% of revenues. Fund balance in excess of the minimum required by the financial stability policy provides Maricopa Colleges the ability to designate fund balance to meet annual operational challenges with one-time budget allocations.

## Major Initiatives (continued)

### Primary Challenges

While maintaining financial stability, the primary challenges of Maricopa Colleges include:

- ▲▲ Maintaining and promoting service levels even as the national and local economies experience slowdowns.

The local and national economy have been strong for most of the past decade, bestowing the Maricopa Community Colleges with the financial resources to meet many operational and service goals and challenges, especially those related to the regular increase in demand for courses. Many processes and financial controls are in place to ensure that spending stays within budgeted levels and in line with actual revenues. However, should the slowdown last for any significant period, it will become more of a challenge to meet service demands, which typically increase when the economy is weak.

- ▲▲ Linking the Board goal-setting process with Strategic planning and the annual budget development process.

The goals adopted by the District Governing Board provide strategic direction to the District. Maricopa Colleges must continue to establish performance measures for these goals and to assess budget requirements to better address them. The District is examining various methods that: (1) provide more logic to the strategic planning process and link the District Office and college plans; (2) provide a framework for the colleges to determine their efficiency and effectiveness; and (3) provide funding approaches that link the results of data analysis, planning, and goal setting to resource allocations.

- ▲▲ Continue to increase funding and allocations to meet planned operating costs as the capital development program advances and as enrollment continues to grow.

The district has maintained its commitment to funding the operational costs of the capital development program. Some costs still are funded through a reserve that must be supplanted with permanent resources.

- ▲▲ Continue to fund enrollment growth.

Enrollment increases steadily each year, generally at about 3% to 5%. The district should maintain its commitment to funding its tuition and fee rebate program, to help fund the costs of adding classes when enrollment increases. This will help the district maintain its mission to provide accessible learning opportunities.

- ▲▲ Determining how to meet capital needs without the resources of a General Obligation bond program.

FY2002 is the last year of annual allocations for information technology and occupational equipment and, by the end of the fiscal year, most new building and remodeling projects will be complete. Yet, many needs remain as enrollment continues to grow and the demand for new courses, programs and technological currency grows. The District has reserved funds to help provide for these needs after bond funds have been exhausted, but they are limited in amount and projected to be consumed within three years. Significant efforts must be taken to determine the unmet need and ways to provide necessary resources.

## Major Initiatives (continued)

- ▲▲ Continuing to enhance flexibility and maximize use of resources in the budgeting process, and improving collaboration and cooperation among colleges while promoting healthy competition.

The District Financial Advisory Council is called upon to review strategic plans related to the budgeting process in accordance with the strategic goals of the Maricopa Colleges and other priorities established by the Board. Such actions demonstrate Maricopa Colleges' dedication to endorse and execute effective and efficient use of all resources—financial, human, physical plant, and technological.

- ▲▲ Continue to provide for inflationary and business cost increases.

Prior year inflationary increases have eroded Maricopa Colleges' available resources. Allocation of some funds to help cover inflation has been a priority in most budget development cycles and is recommended to continue. Continued development of annual 3-year financial plans, or the recently issued ten-year financial plan, is intended to anticipate and provide a mechanism for planning for such events.

- ▲▲ Installing, developing and maintaining new software systems.

New information systems have been implemented over past 5 years, providing the district with more information and analytic resources. However, in addition to the significant initial effort and cost to implement these systems, they require significant additional programming and functional staff to facilitate system upgrades, testing, development and maintenance. For example:

- ▲▲ Continued upgrades for the College Financial System (formerly Oracle Government Financials)
- ▲▲ Continued upgrades for PeopleSoft Human Resource Management System
- ▲▲ Implementation of a student administration package inclusive of a single student record for attendance at all of the ten Maricopa Community Colleges; this will be the largest, most challenging and most costly of all implementations but is needed to replace the 20 year old legacy system and to serve students in the new millennium.
- ▲▲ Continued upgrades and development of the newly implemented budget development system
- ▲▲ Document imaging system to be implemented in the future
- ▲▲ Expansion of the Maricopa Electronic Messaging System (MEMO)
- ▲▲ Web portal access for students and community use

## **Financial Information**

The Maricopa Colleges' responsibilities for stewardship, safeguarding of assets, and accountability to resource providers are fulfilled by effective management of resources through internal control, budgetary controls, cash management, and financial reporting.

## **Internal Control**

Management is responsible for establishing and maintaining internal controls designed to ensure that assets are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable—but not absolute—assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimates and judgments by management.

The District Internal Auditor reports through the Vice Chancellor for Business Services to the Audit and Finance Committee which consists of two Board members, the Chancellor, the four Vice Chancellors, a college President, and a Skill Center Director. This position periodically reviews, reports on, and recommends improvements for internal controls in operational and financial areas.

The annual financial audit is conducted by the Office of the Auditor General, State of Arizona, and tests are made to determine the adequacy of the internal controls and to determine that Maricopa Colleges has complied with applicable laws and regulations. The results of these tests for the June 30, 2001, fiscal year end will be issued in a separate report at a later date.

## **Budgetary Controls**

Maricopa Colleges maintains budgetary controls in the form of line-item budgets and budget transfer restrictions by function and object. Budgetary controls ensure compliance with the annual budget adopted by the Board. The legal level of budgetary control is by summary line item of Current Funds (General, Auxiliary Enterprises, and Restricted) and Plant Funds.

Maricopa Colleges complies with state statute requiring that a report be filed annually with the State Board as to Maricopa Colleges' adopted budget for Current and Plant Funds. Maricopa Colleges also demonstrates budgetary compliance with the issuance of an annual budgeted expenditure limitation report audited by the Office of the Auditor General, State of Arizona. The expenditure limitation calculation determines the maximum allowable expenditure budget capacity supported by state appropriations and property tax levies for Current and Plant Funds.

Maricopa Colleges also maintains an encumbrance accounting system as a budgetary control. Open encumbrances are not reported as reservations of fund balance at year end, but are liquidated (lapse at year end) and reestablished at the beginning of the next fiscal year as an obligation against that year's adopted budget.

Schedules of budget to actual data for General Fund revenues and expenditures for fiscal year ended June 30, 2001, follow:



**General Fund: Budget to Actual**  
Fiscal Year Ended June 30, 2001  
(Dollars in Thousands)

	Revised Budget	Actual	Percent Of Total	Variance Favorable (Unfavorable)
<b>Revenues and Other Sources</b>				
Property taxes	\$ 191,895	\$ 190,414	58.7%	\$( 1,481)
State appropriations	47,946	47,946	14.8	0
Tuition & fees	57,994	58,124	17.9	130
Investment income	3,200	4,025	1.2	825
Other	1,813	401	0.1	( 1,412)
Transfers-in	3,202	3,141	1.0	( 61)
Budget allocation from 6/30/00 fund balance carry forward	20,469	20,469	6.3	-
<b>Total revenues &amp; other sources</b>	<u>\$ 326,519</u>	<u>\$ 324,520</u>	<u>100.0%</u>	<u>\$( 1,999)</u>
<b>Expenditures and Transfers</b>				
<b>By Function</b>				
Instruction	\$ 158,633	\$ 152,073	50.9%	\$ 6,560
Public service	223	202	0.1	21
Academic support	35,571	32,995	11.0	2,576
Student services	23,772	22,515	7.5	1,257
Institutional support	78,293	59,320	19.8	18,973
Operation & maintenance of plant	26,589	25,882	8.7	707
Transfers-out	3,438	5,874	2.0	(2,436)
<b>Total expenditures &amp; transfers</b>	<u>\$ 326,519</u>	<u>\$ 298,861</u>	<u>100.0%</u>	<u>\$ 27,658</u>
<b>By Object</b>				
Personal services	\$ 211,229	\$ 207,766	69.5%	\$ 3,463
Employee benefits	35,228	32,617	10.9	2,611
Contractual services	26,189	24,176	8.1	2,013
Supplies, materials, & parts	8,708	8,708	2.9	0
Current fixed charges	4,311	3,819	1.3	492
Communications & utilities	11,499	11,499	3.8	0
Other	25,917	4,402	1.5	21,515
Transfers-out	3,438	5,874	2.0	(2,436)
<b>Total expenditures &amp; transfers</b>	<u>\$ 326,519</u>	<u>\$ 298,861</u>	<u>100.0%</u>	<u>\$ 27,658</u>

## **Financial Information (continued)**

### **Cash Management**

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

Daily, weekly, monthly, and annual cash flows of revenues and expenditures are projected and monitored to ensure that resources are available to meet operational needs for current and future years. The fungible nature of Maricopa Colleges' funds allows for cash from all funds to be consolidated in bank accounts from which obligations of all funds are paid. Earnings potential is maximized through daily investment of bank balances. Maricopa Colleges' investment policy requires statutory compliance, safety of principal, and liquidity as priority criteria over yield for all investment decisions.

General Fund and Retirement of Indebtedness Fund monies are on deposit with the County Treasurer and are invested on a pooled basis with interest prorated back to Maricopa Colleges. Amounts available for General, Current Auxiliary Enterprises, Current Restricted, Loan, Endowment, Unexpended Plant (including general obligation bond proceeds) and Agency Funds are invested by Maricopa Colleges in a prudent, conservative, and secure manner for the highest yield as prescribed by Maricopa Colleges' investment policy and Arizona Revised Statutes.

### **Financial Reporting**

An automated financial record system captures all financial transactions and provides data for the preparation of the Maricopa Colleges' Comprehensive Annual Financial Report (CAFR), including the audited financial statements. These statements present information on the financial position of Maricopa Colleges and whether resources were adequate to cover the costs of providing services during the reporting period. The Maricopa Colleges' award-winning CAFR is distributed to the Board and executive management, the state legislature, federal and state agencies, bond rating agencies, and financial institutions as well as others throughout 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 allocated resources.

### **Supplemental Information**

The supplemental schedule, "Current Unrestricted Funds – Schedule of Revenues, Expenditures, and Other Changes by College/Center" is in accordance with the terms of a Memorandum of Understanding (MOU) between Maricopa Colleges and the North Central Association of Colleges and Schools Commission on Institutions of Higher Education (NCA). The MOU outlines an appropriate pattern of evidence to be made available by Maricopa Colleges for purposes of meeting certain NCA Criteria for Accreditation related to financial resources/uses and other assurances. This schedule presents current unrestricted revenues and expenditures for each college/center.

## Current Funds

Current Funds include the General Fund, the Auxiliary Enterprises Fund, and the Restricted Fund.

## Fund Balances

The result of FY 2001 financial activities of the Current Funds is a combined fund balance of \$111.5 million, an increase of almost \$11 million from the previous fiscal year's ending fund balances. The combined Current Fund unrestricted and restricted fund balances amount to 28% of total Current Fund expenditures and mandatory transfers and provide approximately 73 days of expenditure coverage. The ratio of fund balance to expenditures and the days of expenditure coverage are indicators of: (1) the existence of a buffer of protection from unforeseen contingencies, and (2) Maricopa Colleges' ability to pay for current operating expenditures without entering the short-term debt market. These results are consistent with Maricopa Colleges' financial planning goals.

## District Functions

Consistent with its mission to provide effective learning environments, instruction is the primary function of Maricopa Colleges. Major funding sources supporting all Maricopa Colleges' functions include property taxes, state appropriations, and tuition and fees. Maricopa Colleges exercises primary and secondary property tax levy authority for generation of funds for operating, capital equipment, and debt retirement purposes. Although total revenues have been increasing, in recent years the mix of funding sources has gradually been shifting. Over the past ten years, tuition and fees as a percent of total revenues has risen while the proportionate share of property taxes and state appropriations has declined.

The following schedule presents a summary of changes in Current Funds revenues for the fiscal year ended June 30, 2001, and the amount and percentage of these changes in relation to the prior year revenues.

<b>Current Funds Revenues</b>				
Fiscal Year Ended June 30, 2001				
(Dollars in Thousands)				
<u>Revenues</u>	Amount	Percent of Total	Change from 2000	Percent Change from 2000
Property taxes	\$ 190,414	46.5%	\$15,505	8.9%
State appropriations	49,162	12.0	4,024	8.9
Government grants & contracts	41,254	10.1	2,515	6.5
Private gifts, grants & contracts	14,984	3.7	2,262	17.8
Tuition & fees	96,317	23.5	8,136	9.2
Investment income/other	<u>17,211</u>	<u>4.2</u>	<u>2,456</u>	16.6
Total revenues	<u>\$409,342</u>	<u>100.0%</u>	<u>\$34,898</u>	9.3%

## Current Funds (continued)

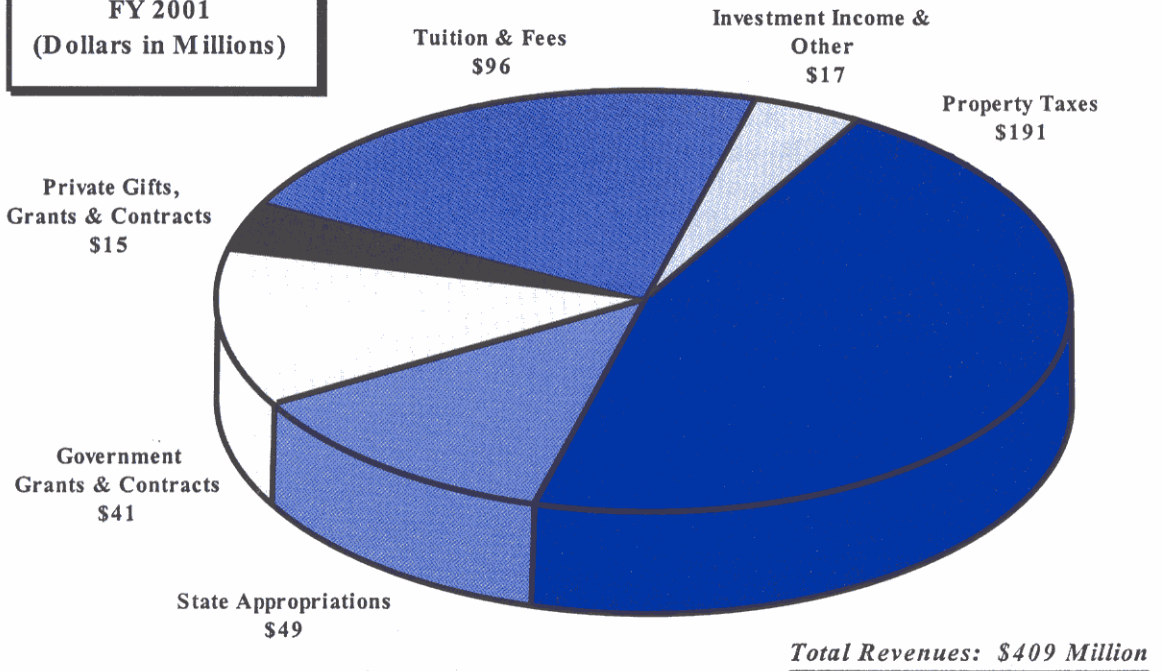
The following schedule presents a summary of changes in Current Funds expenditures for the fiscal year ended June 30, 2001, and the amount and percentage of these changes in relation to prior-year expenditures:

<b>Current Funds Expenditures</b>				
Fiscal Year Ended June 30, 2001				
(Dollars in Thousands)				
<u><b>Expenditures (by Function)</b></u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Change from 2000</u>	<u>Percent Change from 2000</u>
Instruction	\$164,642	41.9%	\$14,896	9.9%
Public service	11,863	3.0	1,028	9.5
Academic support	34,797	8.9	2,133	6.5
Student services	53,806	13.7	4,257	8.6
Institutional support	61,673	15.7	4,304	7.5
Operation & maintenance of plant	26,605	6.8	2,234	9.2
Scholarships	4,645	1.2	348	8.1
Auxiliary enterprises expenditures	<u>34,619</u>	<u>8.8</u>	<u>2,895</u>	9.1
Total expenditures	<u>\$392,650</u>	<u>100.0%</u>	<u>\$32,095</u>	8.9%

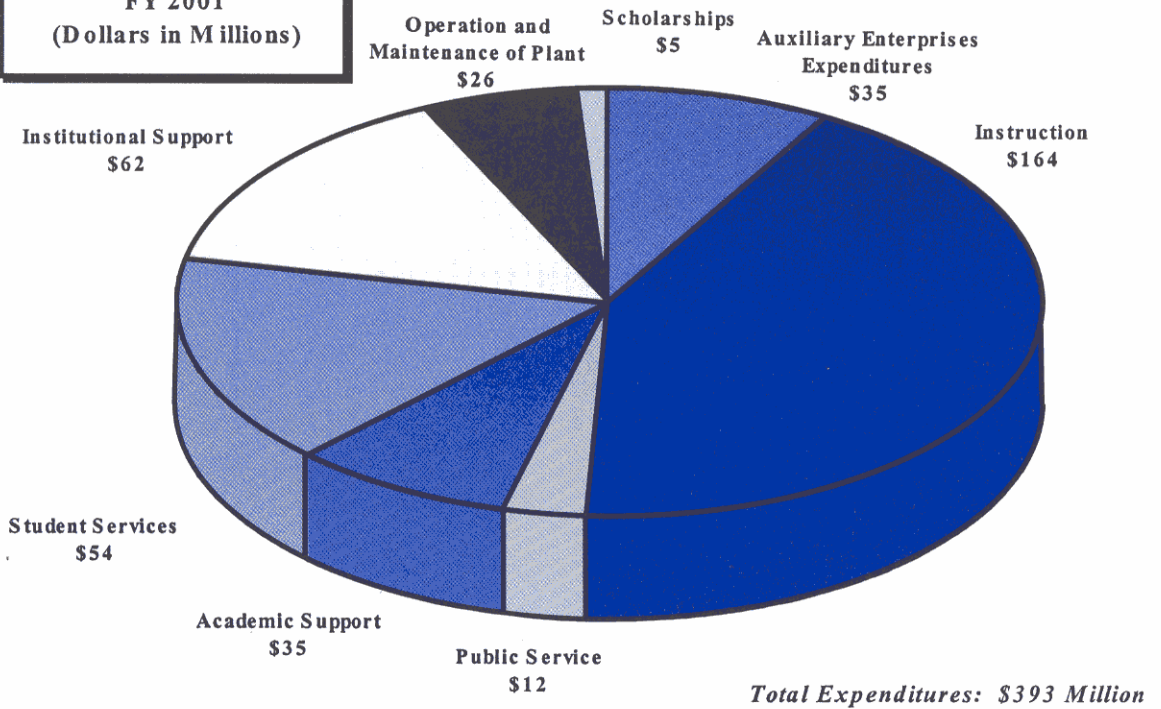
Although Current Funds expenditures rose overall by 8.9% when compared to the prior fiscal year, Maricopa Colleges' financial stability goals were maintained with an increase in Current Funds fund balances of almost \$11 million. Increases in the areas of instruction, academic support, student services, and institutional support are in keeping with Maricopa Colleges' mission of providing effective teaching and learning. Increases in operation and maintenance of plant are related to increased square footage of facilities resulting from progress of the capital development program. Increases to scholarships and auxiliary enterprises expenditures are related to an increasing student population.

The charts on the following page demonstrate sources and uses of Current Funds dollars.

**Total Current Funds  
Revenues by Source  
FY 2001  
(Dollars in Millions)**



**Total Current Funds  
Expenditures by Function  
FY 2001  
(Dollars in Millions)**



## Auxiliary Enterprises Fund

The Auxiliary Enterprises Fund accounts for transactions of substantially self-supporting auxiliary activities that perform a service primarily for students, faculty and staff, and support educational activities.

<b>Auxiliary Enterprises Fund</b> <b>Major Revenue and Expenditure Categories</b> Fiscal Year Ended June 30, 2001 (Dollars in Thousands)		
	Amount	Percent of Total
<b>Revenues</b>		
Tuition & course fees	\$11,314	25.5%
Activity fees	21,423	48.3
Other fees & charges	566	1.3
Subtotal tuition & fees	33,303	75.1
Investment income	4,268	9.6
Bookstore commissions	1,850	4.2
Food service sales	513	1.1
Other	4,413	10.0
Total revenues	\$44,347	100.0%
<b>Expenditures (by Object)</b>		
Salaries & benefits	\$14,342	41.4%
Contractual services	4,618	13.3
Supplies & materials	4,418	12.8
Other	11,241	32.5
Total expenditures	34,619	100.0%
Excess of revenues over expenditures	\$ 9,728	

## Agency Fund

The Agency Fund accounts for resources held by Maricopa Colleges as the custodian or fiscal agent for students, faculty, staff, and other organizations.

## Debt Administration

As of June 30, 2001, Maricopa Colleges' outstanding long-term debt issues and debt services requirements to maturity were as follows:

<b>Debt Service Requirements To Maturity</b> (Dollars in Thousands)				
Year ending June 30:	G.O. Bonds	Revenue Bonds	Capital Leases	Total
2002	\$ 31,403	\$ 2,724	\$ 76	\$ 34,203
2003	35,186	2,714	61	37,961
2004	36,662	2,710	14	39,386
Thereafter	<u>329,328</u>	<u>8,702</u>	<u>0</u>	<u>338,030</u>
Total	432,579	16,850	151	449,580
Less interest	<u>110,044</u>	<u>2,475</u>	<u>16</u>	<u>112,535</u>
Principal balance at June 30, 2001	<u>\$322,535</u>	<u>\$14,375</u>	<u>\$135</u>	<u>\$ 337,045</u>

Maricopa Colleges' general obligation bond debt issues are rated Aaa by Moody's Investors Service, AAA by Fitch, and AA by Standard & Poors. The District's revenue bond debt issues are rated Aa2 and AA by Moody's and Standard & Poors, respectively. These ratings indicate the high quality and strong credit attributes of Maricopa Colleges' obligations.

On February 7, 1995, Maricopa Colleges issued \$104,750,000 of general obligation bonds; on June 10, 1997, \$124,250,000 were issued; on February 23, 1999, \$104,250,000 were issued; and on April 17, 2001, \$52,545,000 were issued. Of the original \$385,799,000 total debt authorized by the voters of Maricopa County in 1994, \$4,000 remains unissued. In April 1998, Maricopa Colleges issued \$65,145,000 in general obligation bonds to advance refund portions of the outstanding general obligation bonds issued in 1995. General obligation bond debt is funded from secondary property tax levies collected by the Maricopa County Treasurer.

In May 1998, Maricopa Colleges issued \$6,000,000 of Revenue Bonds to construct, furnish and equip a performing arts center. Repayment of revenue bond debt is administered by the trust department of a local bank. Revenue bond debt is repaid from student fee revenues and interest earnings on investments held by the trustee. Revenue bond proceeds and required reserves are deposited into irrevocable trust accounts pursuant to the bond indentures.

Capital lease obligations consist of direct and third party lease agreements for the acquisition of \$246,380 of capital assets. Terms of the leases range from two to three years, with interest rates ranging from 7.88 to 18.31 percent. Capital lease payments are generally funded from annual state appropriations.

## Property, Buildings, and Equipment

All Maricopa Colleges' property, buildings, and equipment are accounted for in the Investment in Plant Fund. As of June 30, 2001, the fixed assets of Maricopa Colleges were approximately \$569 million. Depreciation is not recognized in this fund.

## **Risk Management**

Maricopa Colleges maintains a full complement of insurance coverages, in accordance with (and usually in excess of) requirements established by the State Board, to transfer the risk of financial losses.

- ▲▲ Workers' compensation: The District is self-insured for losses related to claims for bodily injury by accident or occupational disease below the level of insurance provided by a commercial policy.
- ▲▲ Liability coverage: The District is covered by an excess school liability policy, which includes general liability, school leader's errors and omissions, automobile liability, and miscellaneous medical malpractice. Policy limits total \$40 million. Maricopa Colleges has a self-insured retention (SIR) of \$100,000 per occurrence.
- ▲▲ Property and Boiler and Machinery coverage: The District is covered by a blanket real and business personal property policy, which includes builder's risk, business income and extra expense. The policy also covers equipment breakdown/boiler and machinery. The deductible is \$25,000 per occurrence.
- ▲▲ Crime coverage: The District has policies covering employee dishonesty; forgery or alteration; computer and funds transfer fraud; theft, disappearance and destruction; and counterfeiting. Deductibles range from \$5,000 to \$10,000.

Maricopa Colleges employs a full-time manager dedicated to focusing on risk management issues: insurance, claims administration, and risk control. The District's workers' compensation program is administered by Maricopa Colleges' Human Resources Compensation Department.



## **Independent Audit**

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

## **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 Maricopa County Community College District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2000. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government finance reports.

In order to be awarded a Certificate of Achievement, a college or university unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report with contents conforming to program standards. Such CAFR reports must satisfy both generally accepted accounting principles and applicable legal regulations.

A Certificate of Achievement is valid for a period of one year only. Maricopa County Community College District has received a Certificate of Achievement for the last ten consecutive years. Management believes the current report continues to conform to the Certificate of Achievement program requirements and is submitting it to the GFOA.

## **Acknowledgment**

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

Respectfully submitted,

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Rufus Glasper, Ph.D., CPA, CGFM  
Vice Chancellor for Business Services

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Jeffrey J. West, MBA  
Director - Financial Services/Controller



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Maricopa County  
Community College District,  
Arizona

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2000

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



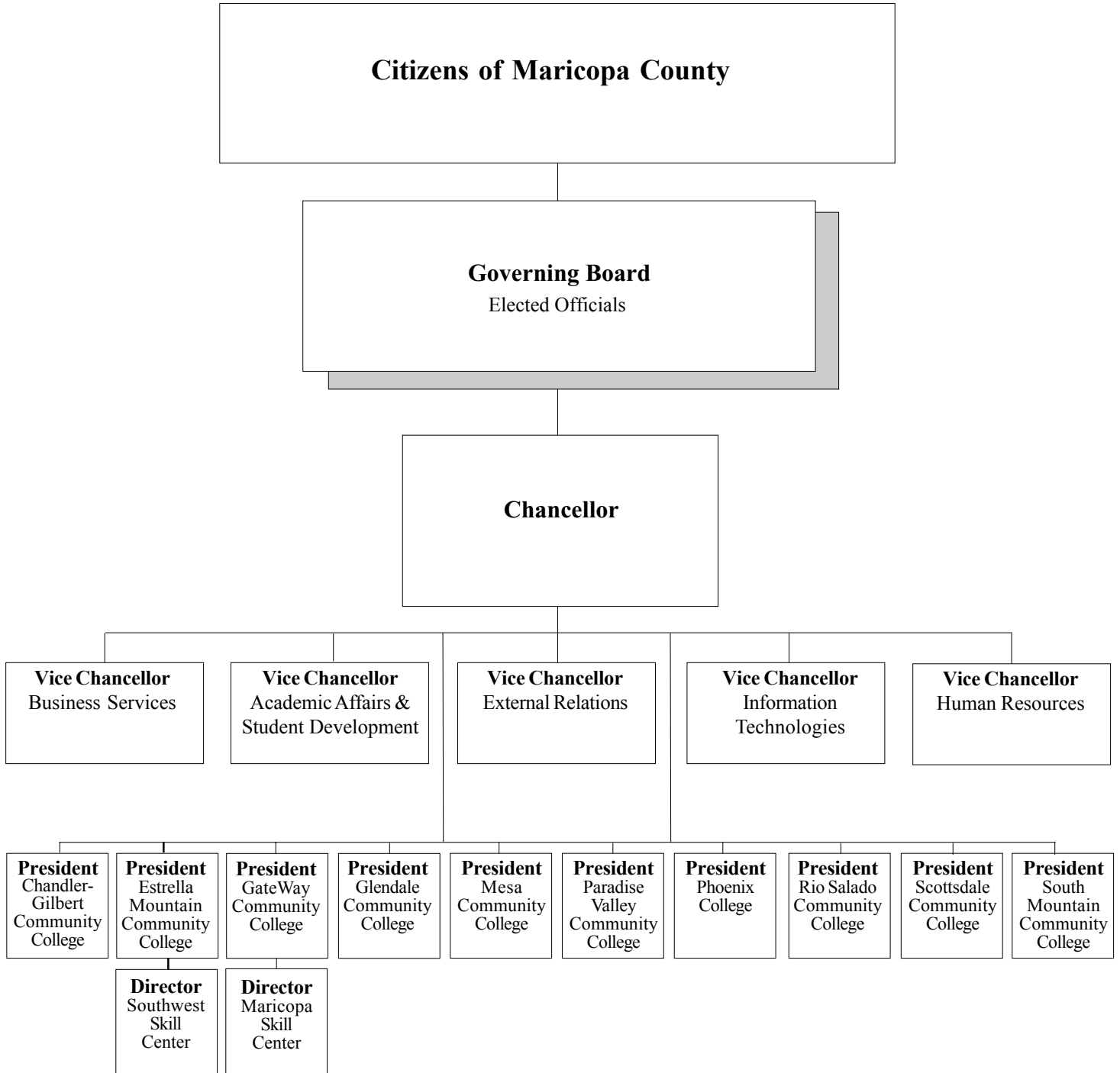
*Joseph A. Arave*  
President

*Jeffrey L. Esser*  
Executive Director



# Maricopa County Community College District

## Organizational Chart



# Maricopa County Community College District

## Principal Officers

### Governing Board

Dr. Donald R. Campbell, *President*

Mrs. Nancy Stein, *Secretary*

Mr. Ed Contreras, *Member*

Mr. Gene Eastin, *Member*

Mrs. Linda B. Rosenthal, *Member*

### Administration

Dr. Fred Gaskin, *Chancellor*

Dr. Anna Solley, *Vice Chancellor Academic Affairs and Student Development*

Dr. Rufus Glasper, *Vice Chancellor Business Services*

Dr. Raúl Cárdenas, *Vice Chancellor External Relations*

Dr. Phil Randolph, *Vice Chancellor Human Resources*

Mr. Ron Bleed, *Vice Chancellor Information Technologies*

### College Presidents & Directors

Mrs. Arnette Ward, *President, Chandler-Gilbert Community College*

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

Dr. Fred Gaudet, *Interim President, GateWay Community College*

Dr. Tessa Martinez Pollack, *President, Glendale Community College*

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

Dr. Gina Kranitz, *President, Paradise Valley Community College*

Dr. Corina Gardea, *President, Phoenix College*

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

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

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

Mr. Stan Grossman, *Director, Maricopa Skill Center*

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



# Maricopa Community Colleges

## Vision, Mission & Values

### Vision

The Maricopa Community Colleges strive to exceed the changing expectations of our many communities for effective, innovative, student-centered, flexible and lifelong educational opportunities. Our employees are committed to respecting diversity, continuous quality improvement, and the efficient use of resources. We are a learning organization guided by our shared values.

### Mission

The Maricopa Community Colleges create and continuously improve affordable, accessible, effective and safe learning environments for the lifelong educational needs of the diverse communities we serve.

### Our Colleges Fulfill This Mission Through:

- ▲▲ University Transfer Education
- ▲▲ General Education
- ▲▲ Developmental Education
- ▲▲ Workforce Development
- ▲▲ Student Development Services
- ▲▲ Continuing Education
- ▲▲ Community Education

ADOPTED JULY 27, 1999, BY THE MARICOPA COMMUNITY COLLEGE DISTRICT GOVERNING BOARD

# Statement of Values

We adhere to the philosophy that education thrives in a community bound by moral and ethical values and devotion to lifelong learning. We accept the responsibility to respond to the needs of the people in our communities who desire to fulfill their potential in life. Therefore, we operate on the basis of openness and trust, to nurture an environment where we all can be heard. We commit to living according to the following basic values which are vital to maintaining the integrity and vitality of our community of learners.

## **Value Education**

We value lifelong learning opportunities that respond to the needs of our communities and are accessible, affordable and of the highest quality.

## **Value Students**

We value students as the primary reason we exist. We respect their diverse life experiences, value their achievements, and appreciate their contributions to our learning community.

## **Value Employees**

We value all our employees, respect their diverse life experiences, appreciate their contributions to our learning community, and encourage their individual professional development.

## **Value Excellence**

We invite innovation, support creative problem-solving, and encourage risk-taking. We value teamwork, cooperation and collaboration as part of our continuous improvement efforts.

## **Value Diversity**

We celebrate the diversity of our communities and pledge to promote and recognize the strengths as reflected in our employees and students. We believe no one is more important than another, each is important in a unique way, and we depend on each other to accomplish our mission.

## **Value Honesty and Integrity**

We believe academic and personal honesty are essential elements in our learning environment. Employees and students must speak and act truthfully.

## **Value Freedom**

To foster our learning environment, we respect individual rights and the privacy of our employees and students, and encourage dialogue and the free exchange of views.

## **Value Fairness**

We advocate fairness and just treatment for all students and employees.

## **Value Responsibility**

We believe employees are accountable for their personal and professional actions as they carry out their assignments. We are all responsible for making our learning experiences significant and meaningful. We are accountable to our communities for the efficient and effective use of resources.

## **Value Public Trust**

We honor the trust placed in us by the community to prepare our students for their role as productive world citizens.







# Financial Section



DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL

WILLIAM THOMSON  
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report**

Members of the Arizona State Legislature

The Governing Board of  
Maricopa County Community College District

We have audited the accompanying balance sheet of Maricopa County Community College District as of June 30, 2001, and the related statements of changes in fund balances and current funds revenues, expenditures, and other changes for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maricopa County Community College District as of June 30, 2001, and the changes in its fund balances and its current funds revenues, expenditures, and other changes for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements of Maricopa County Community College District taken as a whole. The accompanying Current Unrestricted Funds—Schedule of Revenues, Expenditures, and Other Changes by College/Center listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The information included in the introductory and statistical sections listed in the table of contents has not been subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on such information.

In accordance with *Government Auditing Standards*, we will also issue our report on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants at a future date. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Debbie Davenport  
Auditor General

December 3, 2001

**Maricopa County Community College District**

**Balance Sheet**

**June 30, 2001**

(with comparative totals for 2000)

	Current Funds			Total Current Funds	
	Unrestricted		Restricted	Total Current Funds	
	General	Auxiliary Enterprises		(Memorandum Only)	
			6-30-01	6-30-00	
<b>Assets</b>					
Cash and cash equivalents	\$ 89,648,958	\$ 30,714,054	\$ 4,619,706	\$ 124,982,718	\$ 17,854,171
Investments	-	299,984	2,967,368	3,267,352	100,027,553
Cash and investments held by trustee	-	-	-	-	-
Receivables:					
Property taxes	4,686,996	-	-	4,686,996	4,163,150
Government grants	-	-	5,953,939	5,953,939	4,656,871
Student loans (less allowance of \$458,032 in FY 2001 and \$1,582,441 in FY 2000)	-	150,438	5,931	156,369	153,513
Interest	244,058	242,595	31,914	518,567	639,508
Other, net of allowances	126,377	1,935,981	1,659,442	3,721,800	4,840,318
Due from other funds	-	-	-	-	31,905,866
Inventories	-	-	-	-	259,581
Other	318,736	50,103	28,412	397,251	353,965
Property, buildings, and equipment	-	-	-	-	-
Total assets	<u>\$ 95,025,125</u>	<u>\$ 33,393,155</u>	<u>\$ 15,266,712</u>	<u>\$ 143,684,992</u>	<u>\$ 164,854,496</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 1,513,564	\$ 478,207	\$ 1,397,296	\$ 3,389,067	\$ 3,584,829
Accrued liabilities	18,223,063	2,130,578	50,000	20,403,641	19,439,408
Deposits held in custody for others	-	-	-	-	-
Interest payable	-	-	-	-	-
Deferred revenues	2,282,108	942,057	5,032,288	8,256,453	9,189,475
Due to other funds	-	-	-	-	31,905,866
Obligations under capital leases	-	-	-	-	-
Other long-term obligations	-	-	-	-	-
Bonds payable	-	35,352	-	35,352	-
Other	-	-	107,548	107,548	154,207
Total liabilities	<u>22,018,735</u>	<u>3,586,194</u>	<u>6,587,132</u>	<u>32,192,061</u>	<u>64,273,785</u>
<b>Fund Balances:</b>					
Restricted:					
General	-	-	8,679,580	8,679,580	6,725,841
U.S. government grants refundable	-	-	-	-	-
Quasi-endowment	-	-	-	-	-
Endowment	-	-	-	-	-
Unrestricted:					
Designated for future operations	48,933,597	-	-	48,933,597	45,623,255
Undesignated	24,072,793	29,806,961	-	53,879,754	48,231,615
Net investment in plant	-	-	-	-	-
Total fund balances	<u>73,006,390</u>	<u>29,806,961</u>	<u>8,679,580</u>	<u>111,492,931</u>	<u>100,580,711</u>
Total liabilities and fund balances	<u>\$ 95,025,125</u>	<u>\$ 33,393,155</u>	<u>\$ 15,266,712</u>	<u>\$ 143,684,992</u>	<u>\$ 164,854,496</u>

See accompanying notes to financial statements.

Loan Fund	Endowment and Similar Funds	Plant Funds			Agency Fund	Total All Funds (Memorandum Only)	
		Unexpended	Retirement of Indebtedness	Investment in Plant		6-30-01	6-30-00
\$ 791,775	\$ 48,619	\$ 152,939	\$ 2,892,921	\$ -	\$ 6,325,648	\$ 135,194,620	\$ 52,948,603
-	4,386,419	111,272,100	30,234,511	-	110,430	149,270,812	192,292,444
-	-	3,560,080	-	-	-	3,560,080	6,553,541
-	-	-	809,439	-	-	5,496,435	4,850,881
-	-	-	-	-	-	5,953,939	4,656,871
977,696	-	-	-	-	-	1,134,065	1,257,115
-	22,217	618,614	-	-	-	1,159,398	808,778
8,212	-	-	103,683	-	-	3,833,695	4,865,942
-	-	-	-	-	-	-	31,905,866
-	-	-	-	-	-	-	259,581
-	-	25,000	-	-	3,078	425,329	390,405
-	-	-	-	568,758,507	-	568,758,507	529,978,985
<u>\$ 1,777,683</u>	<u>\$ 4,457,255</u>	<u>\$ 115,628,733</u>	<u>\$ 34,040,554</u>	<u>\$ 568,758,507</u>	<u>\$ 6,439,156</u>	<u>\$ 874,786,880</u>	<u>\$ 830,769,012</u>
\$ 36,416	\$ -	\$ 5,401,088	\$ -	\$ -	\$ 1,172,353	\$ 9,998,924	\$ 9,275,981
-	-	-	-	-	4,042,083	24,445,724	22,853,550
-	-	-	-	-	1,224,720	1,224,720	1,203,760
-	-	-	7,583,585	-	-	7,583,585	7,456,578
-	-	-	-	-	-	8,256,453	9,189,475
-	-	-	-	-	-	-	31,905,866
-	-	64,748	-	70,406	-	135,154	197,862
-	-	2,620,557	-	-	-	2,620,557	2,043,165
-	-	63,711,376	18,865,000	254,333,624	-	336,945,352	299,390,000
-	-	-	-	-	-	107,548	154,207
<u>36,416</u>	<u>-</u>	<u>71,797,769</u>	<u>26,448,585</u>	<u>254,404,030</u>	<u>6,439,156</u>	<u>391,318,017</u>	<u>383,670,444</u>
1,037,271	-	43,830,964	7,591,969	-	-	61,139,784	48,108,663
703,996	-	-	-	-	-	703,996	748,681
-	4,201,730	-	-	-	-	4,201,730	4,682,456
-	255,525	-	-	-	-	255,525	221,398
-	-	-	-	-	-	48,933,597	45,623,255
-	-	-	-	-	-	53,879,754	48,231,615
-	-	-	-	314,354,477	-	314,354,477	299,482,500
<u>1,741,267</u>	<u>4,457,255</u>	<u>43,830,964</u>	<u>7,591,969</u>	<u>314,354,477</u>	<u>-</u>	<u>483,468,863</u>	<u>447,098,568</u>
<u>\$ 1,777,683</u>	<u>\$ 4,457,255</u>	<u>\$ 115,628,733</u>	<u>\$ 34,040,554</u>	<u>\$ 568,758,507</u>	<u>\$ 6,439,156</u>	<u>\$ 874,786,880</u>	<u>\$ 830,769,012</u>

**Maricopa County Community College District**  
**Statement of Changes in Fund Balances**  
**For the Year Ended June 30, 2001**  
(with comparative totals for 2000)

	<u>Current Funds</u>			<u>Total Current Funds</u>	
	<u>Unrestricted</u>		<u>Restricted</u>	<u>(Memorandum Only)</u>	
	<u>General</u>	<u>Auxiliary Enterprises</u>		<u>6-30-01</u>	<u>6-30-00</u>
<b>Revenues and Other Additions:</b>					
Unrestricted current revenues	\$ 300,909,908	\$ 44,346,859	\$ -	\$ 345,256,767	\$ 317,248,435
Property taxes	-	-	-	-	-
Tuition and fees	-	-	2,618,432	2,618,432	2,222,931
State appropriations	-	-	1,216,433	1,216,433	333,243
Government grants and contracts	-	-	43,491,688	43,491,688	39,562,926
Private gifts, grants, and contracts	-	-	15,750,538	15,750,538	13,715,776
Investment income	-	-	497,325	497,325	331,720
Interest on student loans	-	-	-	-	-
Expended for plant facilities	-	-	-	-	-
Retirement of indebtedness	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Other	-	-	1,336,222	1,336,222	883,626
Total revenues and other additions	<u>300,909,908</u>	<u>44,346,859</u>	<u>64,910,638</u>	<u>410,167,405</u>	<u>374,298,657</u>
<b>Expenditures and Other Deductions:</b>					
Educational and general expenditures	292,986,783	-	65,044,409	358,031,192	328,831,368
Auxiliary enterprises expenditures	-	34,619,118	-	34,619,118	31,723,894
Indirect costs recovered	-	-	654,903	654,903	714,615
Refunded to grantors	-	-	386,933	386,933	180,013
Loan cancellations, write-offs and provision for bad debts	-	-	-	-	-
Expended for plant facilities	-	-	-	-	-
Retirement of indebtedness	-	-	-	-	-
Interest on indebtedness	-	-	-	-	-
Disposal of plant facilities	-	-	-	-	-
Other	-	-	-	-	-
Total expenditures and other deductions	<u>292,986,783</u>	<u>34,619,118</u>	<u>66,086,245</u>	<u>393,692,146</u>	<u>361,449,890</u>
<b>Transfers Among Funds - Additions (Deductions):</b>					
Mandatory transfers for -					
Principal and interest	-	(2,775,825)	-	(2,775,825)	(2,738,851)
College matching portion of:					
Government grants	(607,658)	(351,407)	959,065	-	-
Student loans	-	-	-	-	527
Total mandatory transfers	<u>(607,658)</u>	<u>(3,127,232)</u>	<u>959,065</u>	<u>(2,775,825)</u>	<u>(2,738,324)</u>
Nonmandatory transfers (net)	<u>(2,125,370)</u>	<u>(2,832,125)</u>	<u>2,170,281</u>	<u>(2,787,214)</u>	<u>(3,106,495)</u>
Total transfers	<u>(2,733,028)</u>	<u>(5,959,357)</u>	<u>3,129,346</u>	<u>(5,563,039)</u>	<u>(5,844,819)</u>
<b>Net Increase (Decrease) for the Year</b>	5,190,097	3,768,384	1,953,739	10,912,220	7,003,948
<b>Fund Balances, July 1</b>	<u>67,816,293</u>	<u>26,038,577</u>	<u>6,725,841</u>	<u>100,580,711</u>	<u>93,576,763</u>
<b>Fund Balances, June 30</b>	<u>\$ 73,006,390</u>	<u>\$ 29,806,961</u>	<u>\$ 8,679,580</u>	<u>\$ 111,492,931</u>	<u>\$ 100,580,711</u>

See accompanying notes to financial statements.

Loan Fund	Endowment and Similar Funds	Plant Funds			Total All Funds (Memorandum Only)	
		Unexpended	Retirement of Indebtedness	Investment in Plant	6-30-01	6-30-00
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 345,256,767	\$ 317,248,435
-	-	-	31,843,068	-	31,843,068	29,322,936
729	-	-	-	-	2,619,161	2,222,931
-	-	8,299,400	-	-	9,515,833	7,993,243
-	-	-	-	-	43,491,688	39,564,956
12,323	-	47,803	-	858,598	16,669,262	14,104,890
-	298,029	5,066,789	847,977	-	6,710,120	6,909,663
36,090	-	-	-	-	36,090	42,784
-	-	-	-	47,626,382	47,626,382	57,308,411
-	-	-	-	18,927,708	18,927,708	15,821,738
-	-	58,854	-	-	58,854	34,395
43,845	67,393	12,731	-	-	1,460,191	965,876
<u>92,987</u>	<u>365,422</u>	<u>13,485,577</u>	<u>32,691,045</u>	<u>67,412,688</u>	<u>524,215,124</u>	<u>491,540,258</u>
-	-	-	-	-	358,031,192	328,831,368
-	-	-	-	-	34,619,118	31,723,894
57,849	-	-	-	-	712,752	799,249
34,483	-	-	-	-	421,416	191,338
36,413	-	-	-	-	36,413	34,578
-	-	50,471,338	-	-	50,471,338	63,566,732
-	-	62,708	18,865,000	-	18,927,708	15,821,738
-	-	16,736	14,610,200	-	14,626,936	15,328,607
-	-	-	-	9,705,458	9,705,458	7,568,868
-	-	292,498	-	-	292,498	190,444
<u>128,745</u>	<u>-</u>	<u>50,843,280</u>	<u>33,475,200</u>	<u>9,705,458</u>	<u>487,844,829</u>	<u>464,056,816</u>
-	-	-	2,775,825	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	2,775,825	-	-	-
21,235	(812,021)	45,981,040	432,213	(42,835,253)	-	-
<u>21,235</u>	<u>(812,021)</u>	<u>45,981,040</u>	<u>3,208,038</u>	<u>(42,835,253)</u>	<u>-</u>	<u>-</u>
(14,523)	(446,599)	8,623,337	2,423,883	14,871,977	36,370,295	27,483,442
1,755,790	4,903,854	35,207,627	5,168,086	299,482,500	447,098,568	419,615,126
<u>\$ 1,741,267</u>	<u>\$ 4,457,255</u>	<u>\$ 43,830,964</u>	<u>\$ 7,591,969</u>	<u>\$ 314,354,477</u>	<u>\$ 483,468,863</u>	<u>\$ 447,098,568</u>

**Maricopa County Community College District**  
**Statement of Current Funds**  
**Revenues, Expenditures, and Other Changes**  
**For the Year Ended June 30, 2001**  
(with comparative totals for 2000)

	Unrestricted			Restricted	Total Current Funds (Memorandum Only)	
	General	Auxiliary Enterprises	Total		6-30-01	6-30-00
<b>Revenues:</b>						
Property taxes	\$ 190,414,029	\$ -	\$ 190,414,029	\$ -	\$ 190,414,029	\$ 174,909,180
State appropriations	47,945,800	-	47,945,800	1,216,433	49,162,233	45,138,143
Government grants and contracts	-	-	-	41,253,633	41,253,633	38,738,506
Private gifts, grants, and contracts	-	92,149	92,149	14,891,552	14,983,701	12,722,185
Tuition and fees	58,124,177	33,302,712	91,426,889	4,890,179	96,317,068	88,180,855
Investment income	4,025,240	4,267,558	8,292,798	497,325	8,790,123	6,637,104
Bookstore commissions	-	1,849,914	1,849,914	-	1,849,914	1,706,255
Food services sales	-	513,278	513,278	-	513,278	567,588
Other	400,662	4,321,248	4,721,910	1,336,222	6,058,132	5,844,528
Total revenues	300,909,908	44,346,859	345,256,767	64,085,344	409,342,111	374,444,344
<b>Expenditures and</b>						
<b>Mandatory Transfers:</b>						
Educational and general expenditures -						
Instruction	152,072,430	-	152,072,430	12,569,510	164,641,940	149,746,345
Public service	202,370	-	202,370	11,660,463	11,862,833	10,834,613
Academic support	32,994,744	-	32,994,744	1,802,661	34,797,405	32,664,497
Student services	22,515,160	-	22,515,160	31,290,315	53,805,475	49,548,896
Institutional support	59,319,922	-	59,319,922	2,353,049	61,672,971	57,368,533
Operation and maintenance of plant	25,882,157	-	25,882,157	723,278	26,605,435	24,371,370
Scholarships	-	-	-	4,645,133	4,645,133	4,297,114
Total educational and general expenditures	292,986,783	-	292,986,783	65,044,409	358,031,192	328,831,368
Auxiliary enterprises expenditures	-	34,619,118	34,619,118	-	34,619,118	31,723,894
Total expenditures	292,986,783	34,619,118	327,605,901	65,044,409	392,650,310	360,555,262
Mandatory transfers for -						
Principal and interest	-	2,775,825	2,775,825	-	2,775,825	2,738,851
College matching portion of -						
Government grants	607,658	351,407	959,065	(959,065)	-	-
Student loans	-	-	-	-	-	(527)
Total mandatory transfers	607,658	3,127,232	3,734,890	(959,065)	2,775,825	2,738,324
Total expenditures and mandatory transfers	293,594,441	37,746,350	331,340,791	64,085,344	395,426,135	363,293,586
<b>Other Transfers and Additions (Deductions):</b>						
Excess (deficiency) of restricted receipts over transfers to revenue	-	-	-	170,391	170,391	(860,302)
Refunded to grantors	-	-	-	(386,933)	(386,933)	(180,013)
Nonmandatory transfers (net)	(2,125,370)	(2,832,125)	(4,957,495)	2,170,281	(2,787,214)	(3,106,495)
<b>Net Increase in Fund Balances</b>	\$ 5,190,097	\$ 3,768,384	\$ 8,958,481	\$ 1,953,739	\$ 10,912,220	\$ 7,003,948

See accompanying notes to financial statements.

**Maricopa County Community College District**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2001**

**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 governmental colleges and universities as set forth in the AICPA College Guide model defined in Governmental Accounting Standards Board (GASB) Statement No. 15. This authoritative pronouncement is consistent with accounting practices prescribed or permitted by the State Board of Directors for Community Colleges of Arizona. A summary of the more significant accounting policies of the District follows.

**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 or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental financial reporting entity.

The financial activities of the Maricopa County Community College District Foundation, Inc., are not included in the District's financial statements. The Foundation is a nonprofit corporation controlled by a separate board of directors. The goals of the Foundation are to promote educational programs and District objectives.

**Fund Accounting** - The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with the activities or objectives specified for those resources. Accounts are separately maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, financial transactions are reported by fund groups as if each fund group were a single fund. Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds.

**Descriptions of Funds** - The Current Funds account for resources that will be expended in the near term for operating purposes in performing the primary and support missions of the District, which are instruction, public service, academic support, student services, institutional support (i.e., administration), operation and maintenance of plant, scholarships, and auxiliary enterprises. The individual Current Funds are described more fully as follows:

- ▲▲ General Fund - accounts for all unrestricted current financial resources not required to be accounted for in other Current Funds.
- ▲▲ Auxiliary Enterprises Fund - accounts for transactions of substantially self-supporting auxiliary activities that provide services primarily to students, faculty and staff, and support educational activities. Such activities include food services and intercollegiate athletics.
- ▲▲ Restricted Fund - accounts for resources that are expendable for operating purposes, but restricted by donors or other outside agencies as to a specific purpose for which they may be expended. Revenues of the Restricted Fund are reported in the Statement of Current Funds Revenues, Expenditures, and Other Changes only to the extent of expenditures and net mandatory transfers. Amounts received in excess of expenditures and net mandatory transfers are reported as additions to the fund balance during the year, and may be subject to repayment if not expended.



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

The other funds of the District and their purposes are described as follows:

- ▲▲ Loan Fund - accounts for loans and resources available for loans to students, faculty, and staff. The loans are financed primarily by federal loan programs, the customary terms of which: (a) require that the District match a portion of the federal funding, and (b) provide for the ultimate cancellation of a portion of a loan if the recipient completes certain employment requirements. Interest on student loans is recorded only when received.
- ▲▲ Endowment and Similar Funds - accounts for assets subject to restrictions requiring that the principal be invested permanently or for a certain period of time, although investment income may be expended. The resources may either be restricted by the donor or designated by the Board.
- ▲▲ Plant Funds - accounts for transactions relating to the District's investment in property, buildings, and equipment (i.e., plant assets). They include the Unexpended Plant Fund, Retirement of Indebtedness Plant Fund, and Investment in Plant Fund.

Unexpended Plant Fund - accounts for resources available to finance the acquisition, construction, or improvement of plant assets for the District. Expenditures for construction in progress are accumulated in this fund until the project is completed or until the end of the fiscal year and then transferred to the Investment in Plant Fund. Resources restricted for renewals and replacements of existing District plant assets are also recorded in the Unexpended Plant Fund.

Retirement of Indebtedness Plant Fund - accounts for the accumulation of resources for payment of principal, interest, and other debt service charges, including contributions for sinking funds relating to debt incurred in the financing of District plant assets.

Investment in Plant Fund - accounts for the costs of plant assets and the related liabilities. Assets recorded in the Investment in Plant Fund may be acquired from resources in the Unexpended Plant, Auxiliary Enterprises, or Restricted Funds.

- ▲▲ Agency Fund - accounts for resources held by the District as the custodian or fiscal agent for students, faculty, staff, and other organizations. Therefore, the transactions within this fund do not affect the Statement of Changes in Fund Balances.

**Total Columns (Memorandum Only)** - The information in the Total Current Funds and Total All Funds columns is for comparison purposes only and does not purport to present financial position or the results of operations in conformity with generally accepted accounting principles (GAAP). Interfund eliminations have not been made and, therefore, the data is not comparable to a consolidation.

**Budget** - An annual budget is prepared and legally adopted for the General Fund, Auxiliary Enterprises Fund, Restricted Fund, Unexpended Plant Fund, and Retirement of Indebtedness Plant Fund. These budgets are adopted on a basis consistent with GAAP. Budget transfers within the General Fund are subject to limitations imposed by function and by object. After adoption, the budget may only be modified downward by the Board. Expenditures may not exceed the adopted budget for each fund. Unexpended balances, including state appropriations received, carry over into the next year as a financing source for the new year.

Formally adopted budgets are not prepared for the Loan Fund, Endowment and Similar Funds, or the Agency Fund. Expenditures may not exceed the available balances for each of these funds.

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

**Encumbrances** - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable fund balance, is employed as an extension of formal budgetary control. General Fund encumbrances outstanding at year-end for goods or services that were not received before fiscal year-end are canceled.

**Basis of Accounting** - The accompanying financial statements are presented on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenditures are recorded when materials or services are received. The Statement of Current Funds Revenues, Expenditures, and Other Changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations, or the net income or loss for the period as would a statement of income, or a statement of revenues and expenses. On this statement, grant revenues in the Restricted Fund are recognized to the extent that the related expenditures have been incurred.

**Cash and Cash Equivalents** - Cash and cash equivalents include petty cash on hand, cash in the bank, deposits in the cash sweep investment account, and cash and investments held by the State and County Treasurers. Cash equivalents are defined as investments with original maturities of three months or less from the date of acquisition. Current unrestricted investments held to provide daily operating cash needs, which are invested in the Arizona State Treasurer's Local Government Investment Pool (LGIP), are considered cash equivalents. Other investments in LGIP that are restricted in nature and not intended to meet daily operational cash flow needs are considered investments.

**Investments** - Investments are reported at fair value at fiscal year-end. Interest income is reported in the fund earned, except for interest earned in the Endowment Funds, which is recognized in the Restricted Fund based on the nature of the endowment. Interest earned in the Quasi-endowment Fund is recognized in the Endowment Fund.

**Inventories** - Inventories are stated at the lower of cost (first-in, first-out method) or market. At June 30, 2001, the District expensed all immaterial inventories that are considered supply expenditures.

**Property, Buildings, and Equipment** - Property, buildings, and equipment 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; interest is capitalized if material. These are categorized as Construction in Progress until completed, at which time they are reclassified to the appropriate asset type. To the extent that current funds are used to finance such assets, the amounts so provided are accounted for as: (a) expenditures in the case of normal acquisition or replacement of movable equipment and library books; (b) mandatory transfers (i.e., transfers among funds resulting from legally binding agreements) in the case of required provisions for debt amortization and interest; or (c) nonmandatory transfers (i.e., transfers among funds made at the discretion of the Board) in other cases. Depreciation on buildings and equipment is not recorded.

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

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

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

**Summer Sessions** - Summer sessions revenues and expenditures are reported within the fiscal year in which the summer sessions program is predominantly conducted.

**Tuition and Fees** - Tuition and fees revenues (net of refunds) include \$1,014,498 of waivers for benefits charged to the appropriate expenditure category to which the benefited personnel or their dependents relate.

## **NOTE 2 - Deposits and Investments**

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

The District acts as a prudent person dealing with the property of another by following statutory guidelines for investment restrictions. The District may participate in U.S. government securities, repurchase agreements, insured or collateralized deposits, certificates of deposit, and interest-bearing savings accounts.

### **Deposits**

At June 30, 2001, total petty cash on hand was \$215,380. The carrying value of deposits on the District's accounting system was (\$2,117,232). This deficit balance occurs because cash is not transferred from investments to the bank account until outstanding checks are expected to be presented to the bank for payment. The District's bank balances totaled \$3,990,126: \$141,966 was covered in full by federal depository insurance; \$3,848,160 was held in U.S. Government Treasury and Agency Securities. Part of a bank overnight repurchase agreement, these overnight U.S. Government Securities are held by the pledging financial institution's trust department or agent in the District's name.

### **Investments**

The District's investments are categorized to give an indication of the level of risk assumed by the District at June 30, 2001. Category 1 includes investments that are insured or registered in the District's name, or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. The District's investment in the State and County Treasurer's investment pools represent shares in those pools' portfolios. The shares are not identified with specific investments and are not subject to credit risk. The same is true for the District's investments in mutual funds. The repurchase agreements are limited to U.S. Treasury securities pursuant to provisions of a guaranteed investment contract.

The State Board of Deposit provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. No comparable oversight is provided for the County Treasurer's investment pool, and the structure of that pool does not provide for shares.

**Note 2 – Deposits and Investments (continued)**

Deposits and Investments at June 30, 2001, consist of the following:

	Categories			Fair Value
	<u>1</u>	<u>2</u>	<u>3</u>	
<i>Deposits and Investments by Category</i>				
U.S. Government securities	\$13,641,779			\$ 13,641,779
Repurchase agreements	66,290,382			66,290,382
Certificates of deposit	<u>220,000</u>			<u>220,000</u>
	<u>\$80,152,161</u>			80,152,161
Cash & Investments not subject to categorization:				
Cash and investments held by the County Treasurer				2,970,654
State Treasurer's investment pool				203,206,398
Mutual funds				38,071
Carrying value of cash deposits at banks, net of overnight sweep investment				(2,117,232)
Petty cash				<u>215,380</u>
Total deposits and investments at June 30, 2001				<u>\$284,465,432</u>
Balance sheet:				
Cash and cash equivalents				\$135,194,620
Investments				<u>149,270,812</u>
Total				<u>\$284,465,432</u>

**Cash and Investments Held by Trustee**

Cash and investments held by trustee at June 30, 2001, are restricted as to usage and consist of U.S. government securities with a fair value of \$3,560,080. These securities, which are registered in the name of the pledging financial institution pursuant to depository trust agreements, are considered a category 3 investment.

**NOTE 3 - Property Taxes Receivable**

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

Property taxes receivable consist of uncollected property taxes as determined from the records of the Maricopa County Treasurer’s Office. Balances at June 30, 2001, follow:

<i>Property Taxes Receivable by Fund</i>		
<u>Fiscal Year</u>	<u>General Fund</u>	<u>Retirement of Indebtedness</u>
2000-01	\$4,292,104	\$776,888
Prior	<u>394,892</u>	<u>32,551</u>
Total property taxes receivable at June 30, 2001	<u>\$4,686,996</u>	<u>\$809,439</u>

**NOTE 4 - Other Receivables**

Other receivables are shown net of the related allowance for doubtful accounts. A summary of the allowance for doubtful accounts for other receivables at June 30, 2001, follows:

<i>Other Receivable Allowance for Doubtful Accounts by Fund</i>	
Auxiliary Enterprises Fund	\$272,355
Restricted Fund	<u>7,135</u>
Total allowance for doubtful accounts at June 30, 2001	<u>\$279,490</u>

**NOTE 5 - Property, Buildings, and Equipment**

During fiscal year 2000-01, a district-wide physical inventory was completed. As a result of this inventory, the equipment balance at June 30, 2001, was reduced by \$3,808,700 and is included in the \$9,459,439 of equipment deductions below.

The following is a summary of changes in property, buildings, and equipment during the fiscal year:

<i>Changes in Property, Buildings, and Equipment</i>				
	Balance July 1, 2000	Additions	Deductions	Balance June 30, 2001
Land	\$ 28,498,447	\$ -	\$ -	\$ 28,498,447
Improvements other than buildings	22,777,510	5,205,264	-	27,982,774
Buildings	309,482,893	48,109,975	-	357,592,868
Equipment	113,318,032	13,139,560	9,459,439	116,998,153
Library books	8,146,428	754,980	246,019	8,655,389
Construction in progress	<u>47,755,675</u>	<u>32,077,790</u>	<u>50,802,589</u>	<u>29,030,876</u>
Total property, buildings, and equipment	<u>\$529,978,985</u>	<u>\$99,287,569</u>	<u>\$60,508,047</u>	<u>\$568,758,507</u>

Estimated costs to complete construction in progress at June 30, 2001, is \$44,972,628. Expended for plant facilities additions in the Investment in Plant Fund include \$2,904,766 of expenditures charged to current funds in fiscal year 2001. Expended for plant facilities deductions in the Unexpended Plant Fund include \$5,749,722 of noncapitalized expenditures in fiscal year 2001.

**NOTE 6 - Compensated Absences**

The District accrues amounts for compensated absences as earned, which include vacation and sick leave. As of June 30, 2001, the compensated absences accrual is \$17,710,649. Of this amount, \$16,281,787 makes up the General Fund portion and \$1,428,862 makes up the Auxiliary Enterprises Fund portion. These amounts are reported on the balance sheet as accrued liabilities.

**NOTE 7 - Obligations Under Operating Leases**

The District leases land, buildings, and equipment under the provisions of long-term lease agreements classified as operating leases. Rental expenditures under the terms of the operating leases were \$913,050 for the year ended June 30, 2001. The operating leases have remaining noncancelable lease terms from one to 65 years.

The future minimum rental payments required under operating lease agreements as of June 30, 2001, follow:

<i>Future Minimum Operating Lease Payments</i>	
Year ending June 30:	
2002	\$ 673,170
2003	593,572
2004	423,321
2005	65,943
2006	65,943
Thereafter	<u>556,411</u>
Total minimum lease payments at June 30, 2001	<u><u>\$2,378,360</u></u>

**NOTE 8 - Obligations Under Capital Leases**

Capital lease obligations at June 30, 2001, consist of various capital lease agreements entered into for the acquisition of computer and office/instructional equipment. Under terms of these obligations, interest is to be paid at rates ranging from 7.88 to 18.31 percent; amortization periods range from two to three years. Assets totaling \$246,380 acquired under the provisions of these lease agreements are capitalized in the Investment in Plant Fund. The leases provide bargain purchase options.

At June 30, 2001, the future minimum lease payments, together with the present value of the net minimum lease payments, follow:

<i>Future Minimum Capital Lease Payments</i>	
Year ending June 30:	
2002	\$ 75,697
2003	61,473
2004	<u>13,822</u>
Total minimum lease payments	150,992
Less amount representing interest	<u>15,838</u>
Present value of net minimum lease payments at June 30, 2001	<u><u>\$ 135,154</u></u>

## NOTE 9 - Bonds Payable

### Revenue Bonds

#### Revenue Refunding Bonds, Series 1993

In July 1993, the District issued \$14,995,000 of revenue refunding bonds to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$13,295,000 of refunded Series 1986 debt. The bonds are noncallable.

The trustee has retired all of the defeased Series 1986 bond liability.

#### Revenue Bonds, Series 1998

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

Principal and interest requirements of the revenue bonds at June 30, 2001, follow:

<u>Description</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding Principal</u>
Revenue Refunding Bonds, Series 1993	4.75 - 5.10%	7/15/2001-05	\$ 9,090,000
Revenue Bonds, Series 1998	4.25 - 5.75%	7/15/2001-10	<u>5,285,000</u>
Total			<u>\$14,375,000</u>

Revenue bond debt service requirements to maturity, including interest of \$2,475,118, follow:

<i>Revenue Bond Debt Service Requirements to Maturity</i>	
Year ending June 30:	
2002	\$ 2,724,300
2003	2,713,586
2004	2,709,609
2005	2,706,193
2006	2,705,616
Thereafter	<u>3,290,814</u>
Total revenue bond debt service requirements at June 30, 2001	<u>\$16,850,118</u>

### General Obligation Bonds

#### General Obligation Bonds, Project of 1994 Series D (2001)

In April 2001, the District issued \$52,545,000 of general obligation bonds. These bonds were issued to make certain improvements to the District's educational facilities and finance equipment purchases. The bonds are noncallable.



## **NOTE 9 - Bonds Payable (continued)**

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

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

### **General Obligation Refunding Bonds, Series 1998**

In April 1998, the District issued \$65,145,000 of general obligation bonds to advance refund \$65,780,000 of outstanding Series A (1995) General Obligation Bonds. The District defeased these bonds by placing the proceeds of the new bonds in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds of \$61,245,000 are not included in the District's financial statements. Refunding bonds maturing on or before July 1, 2007, are noncallable. Refunding bonds maturing on or after July 1, 2008, are subject to early redemption.

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

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

### **General Obligation Bonds, Project of 1994 Series A (1995)**

In February 1995, the District issued \$104,750,000 of general obligation bonds. The bonds were issued to acquire land, improve and expand existing facilities, finance various equipment purchases, and defease certain maturities of the District's outstanding debt. Bonds maturing on or after July 1, 2004, are subject to early redemption.

Of the total general obligation bonds originally authorized in 1994, \$4,000 remain unissued.

Principal and interest requirements of the above-described general obligation bonds at June 30, 2001, follow:

<u>Description</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding Principal</u>
General Obligation Bonds			
Refunding, Series 1998	4.00 - 5.00%	7/1/2001-09	\$ 52,060,000
Project of 1994			
Series D (2001)	4.00%	7/1/2002-05	52,545,000
Series C (1999)	3.25 - 5.25%	7/1/2001-15	95,150,000
Series B (1997)	5.00 - 6.50%	7/1/2001-13	108,525,000
Series A (1995)	5.80 - 6.00%	7/1/2004-09	14,255,000
Total			<u>\$322,535,000</u>

**NOTE 9 - Bonds Payable (continued)**

General obligation bond debt service requirements to maturity, including interest of \$110,044,480, follow:

<i>General Obligation Bond Debt Service Requirements to Maturity</i>	
Year ending June 30:	
2002	\$ 31,402,831
2003	35,186,681
2004	36,661,619
2005	37,836,404
2006	36,581,173
Thereafter	<u>254,910,772</u>
Total general obligation bond debt service requirements at June 30, 2001	<u><u>\$432,579,480</u></u>

**NOTE 10 - Changes in Long-term Liabilities**

During the year ended June 30, 2001, the following changes occurred in long-term liabilities reported in the Plant Funds:

<i>Changes in Plant Fund Long-term Liabilities</i>				
	Balance <u>July 1, 2000</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2001</u>
General Obligation Bonds	\$283,035,000	\$52,545,000	\$13,045,000	\$322,535,000
Revenue Bonds	16,355,000	-	1,980,000	14,375,000
Capital Leases	197,862	-	62,708	135,154
Rebatable Arbitrage Earnings	<u>2,043,165</u>	<u>577,392</u>	<u>-</u>	<u>2,620,557</u>
Total plant fund long-term liabilities	<u><u>\$301,631,027</u></u>	<u><u>\$53,122,392</u></u>	<u><u>\$15,087,708</u></u>	<u><u>\$339,665,711</u></u>

**NOTE 11 - Retirement Plan**

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

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

**NOTE 11 - Retirement Plan (continued)**

**Funding Policy** - The Arizona State Legislature establishes and may amend active plan members' and the District's contribution rates. For the year ended June 30, 2001, active plan members and the District were each required by statute to contribute at an actuarially determined rate of 2.66 percent (2.17 percent retirement and 0.49 percent long-term disability) of the members' annual covered payroll. The District's contributions to the System for the years ended June 30, 2001, 2000, and 1999, were \$4,809,344, \$4,582,122, and \$5,360,511, respectively, which were equal to the required contributions for the year.

**NOTE 12 - Other Revenues**

Auxiliary Enterprises Fund other revenues, as reported in the Statement of Current Funds Revenues, Expenditures, and Other Changes for the year ended June 30, 2001, follow:

<i>Auxiliary Enterprises Fund Other Revenues by Major Category</i>	
Sales/Services	\$2,141,245
Workshops/Seminars	589,305
Rentals	763,720
Miscellaneous	<u>826,978</u>
Total Auxiliary Enterprises Fund other revenues for the year ended June 30, 2001	<u>\$4,321,248</u>

**NOTE 13 - Government Grants and Contracts Revenue**

Restricted Fund government grants and contracts revenue reported in the Statement of Current Funds Revenues, Expenditures, and Other Changes for the year ended June 30, 2001, follows:

<i>Restricted Fund Government Grants and Contracts Revenue</i>	
Federal	\$34,244,201
State	5,747,025
Local	<u>1,262,407</u>
Total government grants and contracts revenue for the year ended June 30, 2001	<u>\$41,253,633</u>

Federal revenue includes monies received either as direct federal financial assistance or from a pass-through agency.

## NOTE 14 - Risk Management

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

The District is also exposed to various risks of loss related to claims for bodily injury by accident or occupational disease as described under the Workers' Compensation Liability Laws of the State of Arizona. Effective October 1, 1993, the District elected to establish a limited risk-management program to finance such uninsured risks of loss up to \$250,000 per occurrence, and an aggregate maximum annual liability of \$1,000,000. The District purchases commercial re-insurance to cover any additional Workers' Compensation claims above these amounts. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The General, Auxiliary Enterprises, and Restricted Funds make contributions (based on estimates of the amounts needed) to the General Fund to pay prior and current years' Workers' Compensation claims. Claims expenditures and the related liability are reported in the General Fund when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses also include an estimate of claims that have been incurred but not reported. The claims liability of \$433,804 reported in accrued liabilities of the General Fund at June 30, 2001, includes an estimate by the District and an outside risk analysis firm using historical data of the District and the industry. An independent administrator, hired by the District, provides claim and recordkeeping services. The District has established a reserve for future Workers' Compensation catastrophic losses. The amount of that reserve was \$1,477,723 at June 30, 2001, and is reported as a restriction of fund balance in the Quasi-Endowment Fund.

The summary of changes which occurred in the claims liability during the years ended June 30, follows:

<i>Changes in Worker's Compensation Claims Liability</i>		
	<u>2001</u>	<u>2000</u>
Beginning claims liability at July 1	\$ 418,496	\$ 389,072
Incurred claims	638,308	318,498
Payment on claims	<u>(623,000)</u>	<u>(289,074)</u>
Ending claims liability at June 30	<u>\$ 433,804</u>	<u>\$ 418,496</u>

## NOTE 15 - Implementation of GASB Statement No. 35

Beginning with fiscal year 2002, the District will prepare its external financial reports following the requirements of GASB Statement No. 35, Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities. Implementing this standard will significantly change the accounting principles and reporting format used by the District in future financial reports.





# Supplemental Information

**Maricopa County Community College District**  
**Current Unrestricted Funds**  
**Schedule of Revenues, Expenditures, and Other Changes**  
**by College/Center**  
**For the Year Ended June 30, 2001**

	<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>Revenues:</b>					
Property taxes	\$ 22,374,732	\$ 26,182,058	\$ 12,282,410	\$ 30,562,609	\$ 18,329,182
State appropriations	5,199,663	8,414,151	2,490,869	10,823,503	4,595,423
Private gifts, grants, and contracts	2,312	19,277	1,000	-	45,997
Tuition and fees	8,895,974	13,507,134	4,019,128	19,935,345	9,499,584
Investment income	18,837	-	-	-	-
Bookstore commissions	-	-	-	-	-
Food services sales	-	-	-	-	449,283
Other	444,411	885,617	75,814	1,426,796	930,712
Total revenues	<u>36,935,929</u>	<u>49,008,237</u>	<u>18,869,221</u>	<u>62,748,253</u>	<u>33,850,181</u>
<b>Expenditures and</b>					
<b>Mandatory Transfers:</b>					
Educational and general expenditures -					
Instruction	19,851,830	28,047,750	9,622,506	32,372,175	17,298,151
Public service	123	172	63	192	19,985
Academic support	3,634,429	4,443,667	1,358,262	6,785,237	2,910,048
Student services	2,520,595	3,180,756	1,928,499	4,271,066	3,043,779
Institutional support	3,994,179	3,589,931	2,930,049	6,340,747	2,916,366
Operation and maintenance of plant	3,629,338	3,450,633	1,691,961	4,302,438	3,400,580
Total educational and general expenditures	<u>33,630,494</u>	<u>42,712,909</u>	<u>17,531,340</u>	<u>54,071,855</u>	<u>29,588,909</u>
Auxiliary enterprises expenditures	<u>3,482,724</u>	<u>4,445,848</u>	<u>1,401,856</u>	<u>6,517,187</u>	<u>4,250,866</u>
Total expenditures	<u>37,113,218</u>	<u>47,158,757</u>	<u>18,933,196</u>	<u>60,589,042</u>	<u>33,839,775</u>
Mandatory transfers for -					
Principal and interest	-	-	-	-	-
College matching portion of -					
Government grants	48,980	130,545	34,171	115,066	25,607
Total mandatory transfers	<u>48,980</u>	<u>130,545</u>	<u>34,171</u>	<u>115,066</u>	<u>25,607</u>
Total expenditures and mandatory transfers	<u>37,162,198</u>	<u>47,289,302</u>	<u>18,967,367</u>	<u>60,704,108</u>	<u>33,865,382</u>
<b>Other Transfers and</b>					
<b>Additions (Deductions):</b>					
Nonmandatory transfers (net)	<u>226,269</u>	<u>(499,626)</u>	<u>98,146</u>	<u>736,834</u>	<u>15,201</u>
<b>Net Increase in Fund Balances</b>	<u>\$ -</u>	<u>\$ 1,219,309</u>	<u>\$ -</u>	<u>\$ 2,780,979</u>	<u>\$ -</u>

See accompanying notes to supplemental information.

<b>Rio Salado Community College</b>	<b>South Mountain Community College</b>	<b>Chandler/ Gilbert Community College</b>	<b>Paradise Valley Community College</b>	<b>Estrella Mountain Community College</b>	<b>District Support Services Center</b>	<b>Total All Colleges/ Centers</b>
\$ 15,567,845	\$ 9,928,235	\$ 12,939,495	\$ 11,272,317	\$ 7,610,875	\$ 23,364,271	\$ 190,414,029
8,125,948	1,309,187	2,530,288	2,831,111	1,625,657	-	47,945,800
-	-	21,381	2,182	-	-	92,149
12,301,400	2,584,252	4,731,263	5,052,180	2,672,920	8,227,709	91,426,889
-	-	-	-	-	8,273,961	8,292,798
-	-	-	-	-	1,849,914	1,849,914
-	-	-	-	7,663	56,332	513,278
116,385	51,910	56,996	180,671	167,458	385,140	4,721,910
<u>36,111,578</u>	<u>13,873,584</u>	<u>20,279,423</u>	<u>19,338,461</u>	<u>12,084,573</u>	<u>42,157,327</u>	<u>345,256,767</u>
14,265,747	5,570,722	8,458,053	10,059,312	5,641,119	885,065	152,072,430
87	162,809	18,611	71	47	210	202,370
3,993,039	1,859,480	2,123,260	2,447,080	894,302	2,545,940	32,994,744
1,759,497	1,062,518	1,476,081	1,806,541	1,255,687	210,141	22,515,160
4,707,793	2,772,391	4,053,533	1,615,490	2,046,095	24,353,348	59,319,922
<u>1,484,677</u>	<u>1,364,735</u>	<u>2,351,014</u>	<u>1,686,640</u>	<u>1,261,140</u>	<u>1,259,001</u>	<u>25,882,157</u>
<u>26,210,840</u>	<u>12,792,655</u>	<u>18,480,552</u>	<u>17,615,134</u>	<u>11,098,390</u>	<u>29,253,705</u>	<u>292,986,783</u>
<u>4,612,518</u>	<u>1,226,433</u>	<u>1,842,604</u>	<u>1,764,161</u>	<u>1,028,850</u>	<u>4,046,071</u>	<u>34,619,118</u>
<u>30,823,358</u>	<u>14,019,088</u>	<u>20,323,156</u>	<u>19,379,295</u>	<u>12,127,240</u>	<u>33,299,776</u>	<u>327,605,901</u>
-	-	-	-	-	2,775,825	2,775,825
11,262	-	26,551	14,625	46,409	505,849	959,065
<u>11,262</u>	<u>-</u>	<u>26,551</u>	<u>14,625</u>	<u>46,409</u>	<u>3,281,674</u>	<u>3,734,890</u>
<u>30,834,620</u>	<u>14,019,088</u>	<u>20,349,707</u>	<u>19,393,920</u>	<u>12,173,649</u>	<u>36,581,450</u>	<u>331,340,791</u>
(318,765)	145,504	70,284	55,459	89,076	(5,575,877)	(4,957,495)
<u>\$ 4,958,193</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,958,481</u>



**Maricopa County Community College District**  
**Notes to Supplemental Information**  
**Fiscal Year Ended June 30, 2001**

**NOTE 1 - Statement of Purpose**

The Maricopa County Community College District Current Unrestricted Funds Schedule of Revenues, Expenditures, and Other Changes by College/Center for the Year Ended June 30, 2001, is required by the terms of a Memorandum of Understanding (MOU) between the Maricopa County Community College District (the District) and the North Central Association of Colleges and Schools Commission on Institutions of Higher Education (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 current unrestricted revenues and expenditures for each college/center within the District.

**NOTE 2 - Basis of Allocation of Property Taxes and State Appropriation Revenues**

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.



# Statistical Section

Maricopa County Community College District  
Current Funds Expenditures by Function  
Last Ten Fiscal Years

(Dollars in Thousands)

	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1996-97</u>	<u>1995-96</u>	<u>1994-95</u>	<u>1993-94</u>	<u>1992-93</u>	<u>1991-92</u>
Instruction	\$ 164,642	\$ 149,746	\$ 141,094	\$ 131,284	\$ 123,137	\$ 115,416	\$ 107,396	\$ 99,451	\$ 97,811	\$ 97,907
Public service	11,863	10,835	13,788	13,172	8,512	7,280	5,516	4,661	3,500	3,097
Academic support	34,797	32,664	29,205	27,439	24,311	24,296	22,327	20,858	20,638	17,516
Student services	53,806	49,549	49,471	46,999	45,972	39,157	38,674	36,252	34,874	34,354
Institutional support	61,673	57,369	50,492	44,511	42,984	38,248	35,080	30,822	31,685	31,346
Operation and maintenance of plant	26,605	24,371	21,595	17,932	17,095	16,606	16,656	16,028	16,146	16,034
Scholarships	4,645	4,297	3,410	2,858	2,729	2,559	2,237	2,204	1,782	3,209
Auxiliary enterprises expenditures	<u>34,619</u>	<u>31,724</u>	<u>29,500</u>	<u>25,757</u>	<u>24,379</u>	<u>23,439</u>	<u>21,364</u>	<u>18,720</u>	<u>17,897</u>	<u>16,569</u>
Total expenditures	<u>\$ 392,650</u>	<u>\$ 360,555</u>	<u>\$ 338,555</u>	<u>\$ 309,952</u>	<u>\$ 289,119</u>	<u>\$ 267,001</u>	<u>\$ 249,250</u>	<u>\$ 228,996</u>	<u>\$ 224,333</u>	<u>\$ 220,032</u>

(Percent of Total Expenditures)

	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1996-97</u>	<u>1995-96</u>	<u>1994-95</u>	<u>1993-94</u>	<u>1992-93</u>	<u>1991-92</u>
Instruction	41.9%	41.5%	41.7%	42.3%	42.6%	43.2%	43.1%	43.4%	43.6%	44.5%
Public service	3.0	3.0	4.1	4.2	2.9	2.7	2.2	2.0	1.6	1.4
Academic support	8.9	9.1	8.6	8.9	8.4	9.1	8.9	9.1	9.2	8.0
Student services	13.7	13.7	14.6	15.2	15.9	14.7	15.5	15.8	15.5	15.6
Institutional support	15.7	15.9	14.9	14.4	14.9	14.3	14.1	13.5	14.1	14.2
Operation and maintenance of plant	6.8	6.8	6.4	5.8	5.9	6.2	6.7	7.0	7.2	7.3
Scholarships	1.2	1.2	1.0	0.9	1.0	1.0	0.9	1.0	0.8	1.5
Auxiliary enterprises expenditures	<u>8.8</u>	<u>8.8</u>	<u>8.7</u>	<u>8.3</u>	<u>8.4</u>	<u>8.8</u>	<u>8.6</u>	<u>8.2</u>	<u>8.0</u>	<u>7.5</u>
Total expenditures	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: Annual Reports on Financial Statements for years presented.

Note: Current Funds include the General Fund, the Auxiliary Enterprises Fund, and the Restricted Fund.

**Maricopa County Community College District  
Current Funds Revenues by Source  
Last Ten Fiscal Years**

(Dollars in Thousands)

	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1996-97</u>	<u>1995-96</u>	<u>1994-95</u>	<u>1993-94</u>	<u>1992-93</u>	<u>1991-92</u>
Property taxes	\$ 190,414	\$ 174,909	\$ 162,623	\$ 151,871	\$ 142,436	\$ 133,613	\$ 120,643	\$ 115,822	\$ 108,505	\$ 101,453
State appropriations	49,162	45,138	41,558	41,386	38,223	33,818	34,116	29,736	29,736	29,230
Government grants and contracts	41,254	38,739	43,444	40,147	36,787	30,770	28,929	27,101	26,255	23,376
Private gifts, grants and contracts	14,984	12,722	9,947	13,455	11,510	11,993	10,154	8,597	7,510	8,061
Tuition and fees	96,317	88,181	80,654	74,376	67,436	65,896	60,834	57,398	51,840	45,152
Investment income	8,790	6,637	6,312	5,049	4,419	2,978	2,009	977	963	1,503
Bookstore commissions	1,850	1,706	1,570	1,382	1,237	1,137	1,090	1,051	1,155	1,170
Food services sales	513	568	574	597	575	594	616	554	591	589
Other	6,058	5,844	5,201	5,715	6,230	7,912	4,437	4,437	3,172	2,582
<b>Total revenues</b>	<b>\$ 409,342</b>	<b>\$ 374,444</b>	<b>\$ 351,883</b>	<b>\$ 333,978</b>	<b>\$ 308,853</b>	<b>\$ 288,711</b>	<b>\$ 262,828</b>	<b>\$ 245,673</b>	<b>\$ 229,727</b>	<b>\$ 213,116</b>

(Percent of Total Revenues)

	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1996-97</u>	<u>1995-96</u>	<u>1994-95</u>	<u>1993-94</u>	<u>1992-93</u>	<u>1991-92</u>
Property taxes	46.5%	46.7%	46.2%	45.5%	46.1%	46.3%	45.9%	47.1%	47.2%	47.6%
State appropriations	12.0	12.1	11.8	12.4	12.4	11.7	13.0	12.1	12.9	13.7
Government grants and contracts	10.1	10.3	12.3	12.0	12.0	10.7	11.0	11.0	11.4	11.0
Private gifts, grants and contracts	3.7	3.4	2.8	4.0	3.7	4.2	3.9	3.6	3.3	3.8
Tuition and fees	23.5	23.6	22.9	22.3	21.8	22.8	23.1	23.4	22.6	21.2
Investment income	2.1	1.8	1.8	1.5	1.4	1.0	0.8	0.4	0.4	0.7
Bookstore commissions	0.5	0.4	0.5	0.4	0.4	0.4	0.4	0.4	0.5	0.5
Food services sales	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3
Other	1.5	1.5	1.5	1.7	2.0	2.7	1.7	1.8	1.4	1.2
<b>Total revenues</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Annual Reports on Financial Statements for years presented.

Note: Current Funds include the General Fund, the Auxiliary Enterprises Fund, and the Restricted Fund.

Maricopa County Community College District  
 Expenditure Limitation  
 Statutory Limit to Budgeted Expenditures  
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Statutory Expenditure Limitation</u> (1)	<u>Adopted Budget Expenditures</u> (2)	<u>Amount Below Legal Limit</u>
1991-92	\$ 172,040,939	\$ 148,644,221	\$ 23,396,718
1992-93	180,277,122	152,974,446	27,302,676
1993-94	186,674,312	160,835,265	25,839,047
1994-95	183,795,851	172,633,157	11,162,694
1995-96	187,012,331	183,516,266	3,496,065
1996-97	188,737,382	188,235,660	501,722
1997-98	201,298,280	200,867,689	430,591
1998-99	209,241,921	209,042,664	199,257
1999-00	222,181,459	222,081,121	100,338
2000-01	237,068,111	236,823,446	244,665

Source: District records.

Note 1: The Statutory Expenditure Limitation is calculated by the Arizona Department of Revenue Economic Estimates Commission and applies to Current (General, Auxiliary Enterprises, and Restricted) and Plant Funds (Unexpended and Retirement of Indebtedness).

Note 2: Budgeted expenditures are net of allowable exclusions.

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

<b>Fiscal Year</b>	<b>Total Primary Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Current Taxes Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections (1)</b>	<b>Ratio of Total Tax Collections to Total Tax Levy</b>	<b>Outstanding Delinquent Taxes (2)</b>	<b>Ratio of Delinquent Taxes to Total Tax Levy</b>
1991-92	\$ 103,498,374	\$ 95,847,759	92.61 %	\$ 5,395,892	\$ 101,243,651	97.82 %	\$ 7,783,879	7.52 %
1992-93	108,000,734	102,814,923	95.20	5,498,986	108,313,909	100.29	5,755,264	5.33
1993-94	113,438,216	109,538,404	96.56	3,720,515	113,258,919	99.84	3,868,899	3.41
1994-95	118,830,665	113,568,756	95.57	2,550,033	116,118,789	97.72	3,642,646	3.07
1995-96	127,583,438	125,004,270	97.98	2,365,494	127,369,764	99.83	3,640,693	2.85
1996-97	136,915,672	133,679,652	97.64	2,641,902	136,321,554	99.57	3,399,451	2.48
1997-98	146,266,234	143,074,486	97.82	2,625,323	145,699,809	99.61	3,564,529	2.44
1998-99	158,025,622	155,061,199	98.12	2,411,702	157,472,901	99.65	3,859,439	2.44
1999-00	171,524,256	167,695,007	97.77	3,457,923	171,152,930	99.78	4,230,766	2.47
2000-01	186,543,632	182,251,528	97.70	3,737,948	185,989,476	99.70	4,784,922	2.57

<b>Fiscal Year</b>	<b>Maximum Primary Tax Levy (3)</b>	<b>Tax Revenue Recognized (4)</b>
1991-92	\$ 103,498,218	\$ 101,792,157
1992-93	108,558,401	106,246,700
1993-94	113,429,840	110,885,431
1994-95	119,654,428	115,439,066
1995-96	127,583,281	128,030,334
1996-97	136,570,230	137,000,323
1997-98	147,151,489	146,648,910
1998-99	158,026,342	157,558,395
1999-00	170,115,611	169,540,072
2000-01	187,642,684	185,770,777

Source: Arizona State Property Tax Oversight Commission and District records.

Note 1: Cash basis; excludes payments in lieu of taxes.

Note 2: Delinquencies for unsecured personal property are not included since collections often vary from the levy amount. This variance is due to the fact that the unsecured personal property tax levy is based on a conservative estimate of the assessed value.

Note 3: Pursuant to Arizona Revised Statutes, the amount of total primary property taxes levied is limited. The levy limit grows by 2% each year plus new construction. Starting in fiscal year 1997-98, the District was required to publish notice of its interest to raise taxes to the levy limit and also to hold a public hearing on this proposal.

Note 4: Accrual basis; excludes payments in lieu of taxes.

Maricopa County Community College District  
 Secondary Assessed Value and Current Market Value  
 of All Taxable Property  
 Last Ten Fiscal Years

(Dollars in Thousands)

Fiscal Year	Secured Property Values		Unsecured Property Values		Total Property Values		Total Secondary Assessed Value As a Percent of Total Market Value
	Secondary Assessed	Current Market	Secondary Assessed	Current Market	Secondary Assessed	Current Market	
1991-92	\$ 12,967,078	\$ 92,667,731	\$ 1,268,098	\$ 5,590,095	\$ 14,235,176	\$ 98,257,826	14.5 %
1992-93	12,445,915	91,766,875	1,362,899	5,043,287	13,808,814	96,810,162	14.3
1993-94	12,300,837	90,277,507	1,203,271	5,328,743	13,504,108	95,606,250	14.1
1994-95	12,072,197	91,542,251	1,448,978	6,344,921	13,521,175	97,887,172	13.8
1995-96	13,322,347	100,603,839	797,088	4,722,441	14,119,435	105,326,280	13.4
1996-97	13,568,692	103,760,455	774,464	4,173,257	14,343,156	107,933,712	13.3
1997-98	14,854,238	115,551,926	869,260	4,724,629	15,723,498	120,276,555	13.1
1998-99	15,891,850	122,914,557	921,167	5,256,748	16,813,017	128,171,305	13.1
1999-00	17,749,278	137,565,447	927,553	5,226,790	18,676,831	142,792,237	13.1
2000-01	19,813,298	155,135,573	1,064,418	5,771,414	20,877,716	160,906,987	13.0

Source: Maricopa County Department of Finance.

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

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

Fiscal Year	Maricopa County Community College District			Maricopa County	State Of Arizona	Education Equalization	Central Arizona Water Conservation District	Other Special Districts	School Districts	Cities
	Primary Levy	Secondary Levy	Total							
1991-92	\$ .7459	\$ .0943	\$ .8402	\$ 1.65	\$ .47	\$ .53	\$ .14	\$ 0 - 3.47	\$ .13 - 11.20	\$ 0 - 3.46
1992-93	.7938	.0572	.8510	1.65	.47	.53	.14	0 - 3.94	.09 - 9.57	0 - 2.18
1993-94	.8532	-	.8532	1.65	.47	.53	.14	0 - 3.93	.13 - 18.99	0 - 2.39
1994-95	.8934	-	.8934	1.65	.47	.53	.14	0 - 3.93	.14 - 10.27	0 - 2.95
1995-96	.9455	.1675	1.1130	1.65	.47	.53	.14	0 - 3.93	.08 - 11.98	0 - 2.90
1996-97	.9772	.0704	1.0476	1.65	.00	.53	.14	1 - 6.46	.11 - 10.22	0 - 2.21
1997-98	.9747	.1599	1.1346	1.65	.00	.53	.14	0 - 4.35	.83 - 12.04	0 - 2.20
1998-99	.9866	.1259	1.1125	1.65	.00	.53	.14	0 - 3.49	.11 - 10.64	0 - 2.20
1999-00	.9741	.1544	1.1285	1.62	.00	.52	.14	0 - 2.99	.28 - 10.05	0 - 2.25
2000-01	.9691	.1503	1.1194	1.57	.00	.51	.13	0 - 3.33	.12 - 9.49	0 - 2.08

Source: District records and Maricopa County Department of Finance.

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



Maricopa County Community College District  
Principal Taxpayers  
June 30, 2001

Taxpayer	Type of Property/Business	2000-01 Secondary Assessed Value	Percentage of 2000-01 Secondary Assessed Value
Arizona Public Service	gas and electric	\$ 720,608,633	3.45 %
U.S. West New Vector Group, Inc.	TV system	355,229,512	1.70
Southern California Edison Company	utility property	198,832,369	0.95
El Paso Electric Co.	utility property	166,635,314	0.80
Motorola Computer Group, SPS, GEG	commercial buildings	159,368,511	0.76
Southwest Gas Corporation	gas and electric	114,499,611	0.55
Public Service Company of New Mexico	utility property	95,096,315	0.46
A T & T / Wireless Service	TV system	86,706,755	0.42
Intel Corporation	industrial park	76,261,081	0.37
Southern California Public Power Authority	utility property	73,192,763	0.35
Honeywell	industrial park	61,013,080	0.29
Cox Communication	TV system	55,105,424	0.26
City of Los Angeles Dept. of Water & Power	utility property	51,267,894	0.25
Scottsdale Fashion Square Partnership	shopping centers	48,707,494	0.23
Safeway, Inc.	shopping centers	39,569,946	0.19
MCI Telecommunications Corp.	TV system	38,770,824	0.19
Wal Mart	shopping centers	38,516,778	0.18
ICG - Ore	TV system	34,415,114	0.16
Sheraton, The Phoenician	resort	33,306,818	0.16
Albertson's	shopping centers	32,478,531	0.16
Arizona MSA #26	TV system	28,231,790	0.14
Air Touch Communication	TV system	27,467,319	0.13
First American Tax Valuation	resort	26,421,223	0.13
American Express	office building	26,343,486	0.13
SRI Phoenix Plaza Venture	office building	25,374,301	0.12
Arizona Mills	shopping center	25,212,696	0.12
First American Title	vacant land	24,195,399	0.12
Phoenix Newspapers, Inc.	industrial park	21,012,213	0.10
Biltmore Shopping Center Partners	shopping center	14,926,325	0.07
Phoenix SP Hilton LLC	resort	14,541,959	0.07
Total Principal Taxpayers		<u>\$ 2,713,309,478</u>	<u>13.01 %</u>
Countywide Secondary Valuation		<u>\$ 20,877,715,546</u>	<u>100.00 %</u>

Source: Maricopa County Treasurer's Office.

Note: Salt River Project, a local utility, pays an in-lieu tax based on an estimated assessed valuation. The net assessed valuation for tax year 2001 is \$466,295,903.

Maricopa County Community College District  
 Computation of Legal Debt Margin  
 Fiscal Year Ended June 30, 2001

Secondary Assessed Value of Real and Personal Property	\$ <u>20,877,715,546</u>
Debt Limit, 15% of Secondary Assessed Value	\$ <u>3,131,657,332</u>
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonded Debt	322,535,000
Amount Available for Debt Repayment	<u>(16,785,000)</u>
Total Debt Applicable to Debt Limit	<u>305,750,000</u>
 Legal Debt Margin	 \$ <u>2,825,907,332</u>

Source: Maricopa County Department of Finance and District records.

Maricopa County Community College District  
Ratio of Net General Obligation Bonded Debt to  
Secondary Assessed Value and  
Net General Bonded Debt Per Capita  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Secondary Assessed Value of Real Estate (2)</b>	<b>General Obligation Bonds Payable</b>	<b>Amount Available For Retirement of General Obligation Bonded Debt</b>	<b>General Obligation Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt Per Capita</b>
1991-92	2,180,575	\$ 14,235,175,875	\$ 19,600,000	\$ 13,052,260	\$ 6,547,740	0.05 %	\$ 3.00
1992-93	2,233,700	13,808,814,077	7,515,000	7,515,000	-	-	-
1993-94	2,291,200	13,504,107,816	-	-	-	-	-
1994-95	2,355,900	13,521,174,915	104,750,000	-	104,750,000	0.77	44.46
1995-96	2,551,765	14,119,434,946	104,750,000	18,000,000	86,750,000	0.61	34.00
1996-97	2,634,625	14,343,156,861	211,000,000	5,915,000	205,085,000	1.43	77.84
1997-98	2,720,575	15,723,498,194	205,085,000	9,065,000	196,020,000	1.25	72.05
1998-99	2,806,100	16,813,017,261	300,270,000	17,235,000	283,035,000	1.68	100.86
1999-00	2,879,492	18,676,830,848	283,035,000	13,045,000	269,990,000	1.45	93.76
2000-01	3,072,149	20,877,715,546	322,535,000	16,785,000	305,750,000	1.46	99.52

Source: Arizona Department of Economic Security, Maricopa County Department of Finance, and District records.

Note 1: Population figures are estimates as of July 1 of each fiscal year except for FY 1995-96 which reflects the actual population determined from a special census taken in October 1995.

Note 2: Primary assessed values are used to determine primary levy for maintenance and operations; secondary assessed values are used to determine secondary levy for general obligation bond debt service.

Maricopa County Community College District  
 Ratio of Annual Debt Service Expenditures  
 for General Bonded Debt to  
 Current Funds Expenditures  
 Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total Current Funds Expenditures	Ratio of Debt Service to Current Funds Expenditures
1991-92	\$ 12,085,000	\$ 972,553	\$ 13,057,553	\$ 220,031,503	5.93%
1992-93	7,515,000	383,266	7,898,266	224,333,378	3.52%
1993-94	-	-	-	228,995,658	-
1994-95	-	2,556,553	2,556,553	249,250,453	1.03%
1995-96	18,000,000	6,547,269	24,547,269	267,000,955	9.19%
1996-97	5,915,000	6,395,946	12,310,946	289,119,227	4.26%
1997-98	9,065,000	9,740,067	18,805,067	309,951,751	6.07%
1998-99	17,235,000	12,255,554	29,490,554	338,554,962	8.71%
1999-00	13,045,000	14,470,562	27,515,562	360,555,262	7.63%
2000-01	16,785,000	13,910,468	30,695,468	392,650,310	7.82%

Source: District records.

Maricopa County Community College District  
 Computation of Direct and Overlapping Bonded Debt  
 General Obligation Bonds  
 June 30, 2001

**Jurisdiction**

**Direct Debt:**

Maricopa County Community College District	\$	322,535,000
Less: Amount available for retirement		16,785,000
Net general obligation debt		305,750,000

**Overlapping Debt:**

Maricopa County		58,205,000
School Districts		2,516,073,227
Cities and Towns		1,700,943,623
Special Districts		477,065,016
Total direct general obligation and overlapping debt	\$	5,058,036,866

Source: District records and Maricopa County Department of Finance.

Note: All jurisdictions are within the boundaries of the District.

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

Fiscal Year	Auxiliary Enterprises Fund		Debt Service Requirements			Gross Coverage	Net Coverage
	Gross Revenues	Net Revenue Available for Debt Service (1)	Principal	Interest	Total		
1991-92	\$ 19,748,125	\$ 2,894,407	\$ 830,000	\$ 1,778,963	\$ 2,608,963	7.6	1.1
1992-93	20,473,908	5,083,206	975,000	1,681,092	2,656,092	7.7	1.9
1993-94	23,403,968	7,445,836	1,060,000	1,325,540	2,385,540	9.8	3.1
1994-95	27,367,717	9,412,629	945,000	1,063,858	2,008,858	13.6	4.7
1995-96	30,405,422	14,253,562	1,035,000	809,596	1,844,596	16.5	7.7
1996-97	31,368,758	18,235,443	1,365,000	736,046	2,101,046	14.9	8.7
1997-98	34,432,022	24,915,611	1,435,000	708,966	2,143,966	16.1	11.6
1998-99	34,665,465	27,453,784	1,820,000	873,827	2,693,827	12.9	10.2
1999-00	39,835,460	28,777,428	1,980,000	796,007	2,776,007	14.3	10.4
2000-01	44,346,859	32,582,786	2,080,000	699,732	2,779,732	16.0	11.7

Source: District records.

Note: Repayment of revenue bond debt is secured by a pledge of District gross revenues as defined by the bond indentures. Gross revenues include all District Auxiliary Enterprises Fund revenues.

- (1) Net revenue available for debt service consists of gross revenues plus beginning fund balance less expenditures and all transfers not applicable to debt retirement. Fund balance is included in net revenue since it represents unexpended pledged revenues.

Maricopa County Community College District  
Historic Enrollment  
Last Ten Fiscal Years

**Historic Headcount**

<u>College/Center</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1996-97</u>	<u>1995-96</u>	<u>1994-95</u>	<u>1993-94</u>	<u>1992-93</u>	<u>1991-92</u>
Phoenix	21,463	21,533	20,660	19,342	19,441	20,387	20,142	20,143	21,220	24,253
Glendale	33,174	32,965	30,975	29,180	29,205	30,056	30,402	29,057	29,963	31,433
GateWay	17,117	15,525	14,860	15,185	14,097	13,730	12,512	12,485	13,976	16,320
Mesa	38,542	38,270	38,589	37,247	36,185	36,300	33,902	32,842	32,588	34,453
Scottsdale	18,095	17,763	16,817	16,074	16,260	17,005	16,742	15,797	17,019	18,127
Rio Salado	34,198	30,410	31,072	25,733	24,717	21,807	21,797	21,913	22,920	27,861
South Mountain	5,764	5,286	5,105	4,470	4,457	4,110	4,069	4,868	5,157	6,008
Chandler-Gilbert	10,038	9,377	7,975	6,872	6,113	5,764	5,419	5,156	5,540	5,538
Paradise Valley	11,600	11,020	10,355	9,965	9,937	9,341	9,048	8,577	8,734	8,948
Estrella Mountain	7,441	7,303	6,836	5,338	4,676	3,836	3,653	3,060	2,405	1,598
Skill Center	2,197	1,961	1,868	1,505	3,137	3,150	3,039	1,784	1,346	1,437
Adult Basic Education	15,875	21,288	24,368	12,649	-	-	-	-	-	-
<b>Total</b>	<b><u>215,504</u></b>	<b><u>212,701</u></b>	<b><u>209,480</u></b>	<b><u>183,560</u></b>	<b><u>168,225</u></b>	<b><u>165,486</u></b>	<b><u>160,725</u></b>	<b><u>155,682</u></b>	<b><u>160,868</u></b>	<b><u>175,976</u></b>

**Historic FTSE**

<u>College/Center</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1996-97</u>	<u>1995-96</u>	<u>1994-95</u>	<u>1993-94</u>	<u>1992-93</u>	<u>1991-92</u>
Phoenix	6,015	5,998	5,826	5,592	5,704	5,908	5,936	6,267	6,755	7,473
Glendale	9,685	9,391	9,070	8,707	8,702	8,718	8,816	8,912	9,342	9,517
GateWay	2,881	2,647	2,601	2,576	2,438	2,516	2,418	2,455	2,534	2,592
Mesa	12,510	12,294	12,341	11,822	11,506	11,258	10,770	10,666	10,794	10,873
Scottsdale	5,316	5,049	4,819	4,624	4,643	4,716	4,773	4,638	4,890	5,042
Rio Salado	8,176	7,310	7,196	6,076	5,647	4,807	4,289	4,078	3,439	3,751
South Mountain	1,515	1,446	1,440	1,367	1,348	1,249	1,283	1,368	1,438	1,461
Chandler-Gilbert	2,927	2,503	2,172	1,913	1,740	1,649	1,596	1,565	1,643	1,561
Paradise Valley	3,275	3,087	2,819	2,571	2,565	2,395	2,239	2,202	2,194	2,214
Estrella Mountain	1,881	1,772	1,641	1,243	1,010	794	728	621	462	172
Skill Center	969	962	831	885	832	901	810	734	960	904
Adult Basic Education	1,284	1,174	1,115	500	-	-	-	-	-	-
<b>Total</b>	<b><u>56,434</u></b>	<b><u>53,633</u></b>	<b><u>51,871</u></b>	<b><u>47,876</u></b>	<b><u>46,135</u></b>	<b><u>44,911</u></b>	<b><u>43,658</u></b>	<b><u>43,506</u></b>	<b><u>44,451</u></b>	<b><u>45,560</u></b>

Source: District records.

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

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

<u>Fiscal Year</u>	<u>Attendance</u>		<u>Enrollment Status</u>			<u>Residency</u>			
	<u>FT</u>	<u>PT</u>	<u>Continuing</u>	<u>First Time</u>	<u>Readmit</u>	<u>Resident</u>	<u>Out of County</u>	<u>Out of State</u>	<u>Foreign</u>
1991-92	21%	79%	44%	40%	16%	95%	1%	3%	1%
1992-93	22	78	48	36	16	95	1	3	1
1993-94	22	78	46	38	16	95	1	3	1
1994-95	22	78	44	39	17	94	1	4	1
1995-96	22	78	44	39	17	94	2	3	1
1996-97	22	78	44	39	17	94	2	3	1
1997-98	22	78	44	40	16	94	2	3	1
1998-99	22	78	43	41	16	94	2	3	1
1999-00	22	78	43	42	15	94	2	3	1
2000-01	21	79	42	42	16	93	2	3	2

<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>	
1991-92	42%	58%	2%	2%	3%	11%	77%	5%	27
1992-93	42	58	2	3	4	11	75	5	26
1993-94	43	57	2	3	4	12	74	5	26
1994-95	43	57	2	3	4	12	73	6	26
1995-96	43	57	3	3	4	13	71	6	26
1996-97	43	57	3	3	4	14	70	6	25
1997-98	44	56	3	3	4	15	68	7	25
1998-99	44	56	3	3	4	16	66	8	24
1999-00	44	56	3	4	4	16	64	9	24
2000-01	44	56	3	4	4	17	62	10	24

Source: District records.



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	
	Current Unrestricted Fund	Current Auxiliary Fund	Combined Total		Dollars	Percent
	1991-92	\$ 17.50	\$ 8.50		\$ 26.00	\$ 780.00
1992-93	20.50	8.50	29.00	870.00	90.00	11.54
1993-94	22.50	9.50	32.00	960.00	90.00	10.34
1994-95	22.50	9.50	32.00	960.00	-	-
1995-96	24.00	10.00	34.00	1,020.00	60.00	6.25
1996-97	24.00	10.00	34.00	1,020.00	-	-
1997-98	26.00	11.00	37.00	1,110.00	90.00	8.82
1998-99	27.00	11.00	38.00	1,140.00	30.00	2.70
1999-00	28.00	12.00	40.00	1,200.00	60.00	5.26
2000-01	28.50	12.50	41.00	1,230.00	30.00	2.50

**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	
	Annual Cost	Percent Change	Annual Cost	Percent Change	Annual Cost	Percent Change
1991-92	\$ 780.00	8.33%	\$ 936.00	13.59%	\$ 1,528.00	3.38%
1992-93	870.00	11.54	1,025.00	9.51	1,528.00	-
1993-94	960.00	10.34	1,125.00	9.76	1,778.00	16.36
1994-95	960.00	-	1,192.00	5.96	1,828.00	2.81
1995-96	1,020.00	6.25	1,239.00	3.94	1,884.00	3.06
1996-97	1,020.00	-	1,276.00	2.99	1,940.00	2.97
1997-98	1,110.00	8.82	1,314.00	2.98	1,988.00	2.47
1998-99	1,140.00	2.70	1,323.00	0.68	2,088.00	5.03
1999-00	1,200.00	5.26	1,336.00	0.98	2,188.00	4.79
2000-01	1,230.00	2.50	1,358.00 (2)	1.65	2,272.00	3.84

Source: District records.

(1) U.S. Department of Education, National Center for Education Statistics -- Higher Education Statistics: Student Charges (Digest of Education Statistics 2000)

(2) Estimated.

Maricopa County Community College District  
 Maricopa County Property Values, Construction, and Bank Deposits  
 Last Ten Fiscal Years  
 (Dollars in Millions)

Fiscal Year	Current Market Property Values (1)				Construction (2)						Bank Deposits (3)
					Commercial		Industrial		Residential		
	Commercial	Industrial	Residential	Total	# of Units	Value	# of Units	Value	# of Units	Value	
1991-92	\$20,117	\$34,358	\$43,783	\$98,258	1,276	\$ 376	242	\$ 65	21,796	\$1,614	\$19,448
1992-93	19,536	32,862	44,412	96,810	1,946	550	107	39	26,085	2,160	19,358
1993-94	19,379	31,044	45,183	95,606	4,170	548	129	50	28,409	2,433	19,486
1994-95	18,996	30,884	48,007	97,887	3,205	960	132	145	35,458	3,209	20,017
1995-96	20,260	32,029	53,038	105,327	2,741	1,044	201	414	37,474	3,200	21,172
1996-97	20,497	32,153	55,284	107,934	3,371	1,422	356	788	38,129	3,509	17,806
1997-98	21,976	32,858	65,443	120,277	4,325	1,840	242	234	40,561	3,944	20,297
1998-99	24,210	34,870	69,091	128,171	3,606	2,230	264	378	45,712	4,779	24,940
1999-00	27,959	38,517	76,316	142,792	3,939	1,879	198	211	47,106	5,143	22,331
2000-01	33,130	42,950	84,827	160,907	4,099	2,145	209	253	42,205	4,774	27,337

- Sources: (1) Maricopa County Department of Finance.  
 (2) "Arizona Business" Arizona Real Estate Center, Arizona State University.  
 (3) Arizona Bankers' Association.

Note 1: Construction figures exclude Other Construction, such as sheds, fences, signs, and other land improvements.  
 Note 2: All data is as of December 31.

Maricopa County Community College District  
Economic Indicators for the Metro Phoenix Area  
June 30, 2001

**Phoenix-Mesa Metropolitan Area Employment (1)**  
(In Thousands)

<u>Type of Industry</u>	<u>September 2001</u>	<u>September 2000</u>	<u>Percent Change</u>
Manufacturing	158.7	166.3	(4.6) %
Mining and Quarrying	2.5	2.9	(13.8)
Construction	121.6	117.3	3.7
Transportation, Communications, and Public Utilities	84.6	85.7	(1.3)
Trade	379.3	375.3	1.1
Finance, Insurance, and Real Estate	123.6	125.1	(1.2)
Services and Miscellaneous	510.4	532.0	(4.1)
Government	<u>208.3</u>	<u>197.7</u>	5.4
Total Wage and Salary Employment	<u>1,589.0</u>	<u>1,602.3</u>	(0.8)

<u>Metropolitan Statistical Area</u>	<u>Civilian Labor Force Data (2)</u> (In Thousands)			<u>Unemployment Rate (2)</u>	
	<u>June 2001 Employment</u>	<u>June 2000 Employment</u>	<u>Percent Change</u>	<u>June 2001</u>	<u>June 2000</u>
Phoenix-Mesa Metro Area	1,634.1	1,600.4	2.1 %	3.7 %	2.6 %
Albuquerque, NM	381.4	372.3	2.4	5.3	4.6
Dallas, TX	2,084.2	1,995.9	4.4	5.0	3.7
Denver, CO	1,195.3	1,187.4	0.7	3.4	2.5
Los Angeles-Long Beach, CA	4,807.7	4,763.2	0.9	5.5	5.4
Salt Lake City-Ogden, UT	732.5	717.1	2.1	4.2	3.4
San Diego, CA	1,435.9	1,389.8	3.3	3.3	3.5
Seattle-Bellvue-Everett, WA	1,408.4	1,415.4	(0.5)	4.8	3.4
United States	141,354.0	140,757.0	0.4	4.5	4.0

Sources: (1) Arizona Department of Economic Security.

(2) U.S. Department of Labor, Bureau of Labor Statistics.

Maricopa County Community College District  
 Top 25 Employers in Maricopa County  
 (Ranked by the number of full-time equivalent employees in Arizona)

Employer	Type of Business	Number of Full-Time Equivalent Employees in Arizona
State of Arizona	state government	59,348
Honeywell, Inc.	aerospace systems, transportation products	17,500
Motorola	electronic systems and services	15,500
Banner Health Systems	health care	13,973
Maricopa County	county government	13,860
Wal-Mart Stores, Inc.	retail stores	13,800
City of Phoenix	city government	12,917
The Kroger Co.	grocery retailer, supermarkets	9,837
U.S. Postal Service - Arizona District	mail delivery	9,756
Raytheon Missile Systems	missile manufacturer	9,700
American Express Co.	worldwide travel, financial and network services	9,000
Banc One Corp.	banking and financial services	9,000
Intel Corp.	microcomputer components and related products	9,000
America West Holdings Corp.	airline, tour operator	8,616
Safeway Stores	grocery retailer, supermarkets	8,500
Arizona State University	university	8,000
Wells Fargo Bank	banking and financial services	7,640
US West Communications, Inc.	telecommunications	7,500
Target Corp.	retail stores	7,405
Albertson's Inc.	grocery retailer, supermarkets	6,788
Mesa Public Schools	education	6,754
Bashas' Inc.	grocery retailer, supermarkets	6,150
Tosco Marketing Co.	convenience-store chain, Circle K	5,801
Bank of America Corp.	banking and financial services	5,458
Luke Air Force Base, 56th Fighter Wing	government, Air Force	5,455

Source: The Business Journal Phoenix 2001 Book of Lists, page 50.

Maricopa County Community College District  
 Miscellaneous Statistics  
 June 30, 2001

Established:	1962	
Geographical location:	South-central portion of the State of Arizona	
Altitude:	1,117 feet	
Acreage:	1,283 acres	
Students served:	215,504	(County Population: 3,072,149)
Number of faculty:	Full time	1,159
	Part time	3,648
Number of administrative and support staff:	2,365	
Average class size:	17 students	
Degrees and certificates awarded:		
Degrees:	Associate of Arts	1,312
	Associate of Applied Science	1,385
	Associate of Business	35
	Arizona General Education Curriculum	169
	Associate of General Studies	1,076
	Associate in Science	15
	Associate of Transfer Partnership	255
Certificates of Completion in Occupational Programs:	10,172	
Accredited by:	North Central Association of Colleges and Schools Commission on Institutions of Higher Education	

Source: District records and the Arizona Department of Economic Security.





Comprehensive Annual Financial Report

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