

Maricopa County Community College District

Phoenix, Arizona

Chandler-Gilbert

Estrella Mountain

GateWay

Glendale

Mesa

Paradise Valley

Phoenix

Rio Salado

Scottsdale

South Mountain



Paradise Valley Community College

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2010





Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2010

**Maricopa County Community College District
Phoenix, Arizona**

Prepared by
Division of Business Services



**Maricopa County Community College District
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2010**

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Introductory Section



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CHANCELLOR

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December 1, 2010

To the Citizens of Maricopa County:

I am pleased to present to you the 2010 Maricopa Community Colleges' Comprehensive Annual Financial Report which describes the financial operations of our colleges. This report also gives us the opportunity to describe to you our continued progress in educating more than a quarter-million students each year, a number that is growing significantly. I believe this report demonstrates that we are responsible stewards of the funds that you, our taxpayers, entrust to us, and after having read our report, you will reach a similar conclusion.



The economic downturn that seriously affected Arizona in 2009 continued unabated in 2010. The real estate market showed few signs of recovery, businesses continued to close or downsize, and unemployment hovered around 10%. During 2010, the Maricopa Community Colleges saw an enrollment increase of more than 10%. We attribute this significant increase to two main factors. First, it is generally true that when the economy declines, people enroll in their community colleges for job training or to advance their education. That's especially the case in Maricopa County, where our colleges are the largest providers of job training in Arizona. But another factor was at work in 2010. This was a year in which Arizona's universities were forced to increase tuition dramatically. Since the Maricopa Community Colleges did not increase tuition, the gap in costs between a community college education and that of the first two years at a state university increased significantly. As a result, more students and their parents recognized the value offered by our colleges.

During the year, we continued to work with Arizona State University to expand our groundbreaking Maricopa to ASU Pathways Program (MAPP). This program makes it easier than ever for Maricopa students to take two years of courses at a Maricopa Community College and then transfer directly into the right program at ASU. MAPP gives students who complete specific academic requirements not only guaranteed admission to the ASU program of their choice, but potential financial benefits as well. During the year, MAPP was recognized as a model for the nation by Dr. Jill Biden, who was charged by President Obama with organizing a national community college summit meeting.

I'm proud to report that our District's finances remain on a firm footing. During 2009-10, the three major national bond rating agencies, Standard & Poor's Ratings Services, Moody's Investors Service and Fitch Ratings, reaffirmed the District's 'Triple A' ratings, the highest possible, for our general obligation bonds.

The 2004 bond initiative, approved by a wide majority of our taxpayers, continues to be a source of funding to expand facilities as needed. In 2010 we opened several new facilities that were financed by the proceeds of these bonds, and we continue to authorize the cautious expenditure of bond monies for the construction projects that will best serve our students.

This Comprehensive Annual Financial Report describes our commitment to provide quality educational services while effectively using tax resources. When you read it, I hope you'll agree that in 2010 the District's continued commitment to student success and wise stewardship has allowed us to continue to serve our taxpayers well.

Sincerely,

Rufus Glasper, Ph.D., CPA
Chancellor



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December 1, 2010

To the Residents of the Maricopa County Community College District:

We are pleased to provide you with the Comprehensive Annual Financial Report (CAFR) of the Maricopa County Community College District (MCCCD; the District) for the fiscal year ended June 30, 2010 (FY 2010).

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the District. Disclosures necessary to enable the reader to gain an understanding of the District's financial status and activities have been included.

Management is responsible for establishing and maintaining internal controls, which ensure that assets are protected from loss, theft, or misuse, and ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

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

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

Reporting Entity

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

Reporting Entity (continued)

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

Profile of Maricopa County Community College District

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

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

History

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

Geography/Population

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

For the past three decades, Maricopa County has been one of the most rapidly growing counties in the country in terms of population, employment and personal income. According to the U.S. Census Bureau Population Division, the County's population increased by 45% in the 10-year period between the official census dates of April 1990 and April 2000. Maricopa County is the fourth most populated county in the nation. As of July 2009, the Population Statistics Unit of the Arizona Department of Commerce estimated the County's population to be 4,023,331, which represents an estimated increase of 31% from the official April 2000 census.

Profile of Maricopa County Community College District (continued)

Maricopa County has slightly over 60% of the State's total population and 63% of the total labor force. A majority of the County's labor force (73%) is employed in the service markets. These include trade, transportation and utilities; professional and business services; educational and health services; government; leisure and hospitality; and financial activities.

Types of Services

The District is the largest single provider of post-secondary education in Arizona – offering affordable education to more than 265,000 individuals year-round in both credit and special-interest/non-credit classes.

The District offers a wide range of quality academic, career and technical, and personal interest programs to meet the needs of students throughout Maricopa County. Students planning to transfer may earn the 35-credit hour Arizona General Education Curriculum core or one of the following transfer degrees: Associate in Arts, Associate in Business, Associate in Science, or specialized degrees in Elementary Education and Fine Arts. Numerous Associate of Applied Science degrees are designed for students seeking technical expertise or upgrading skills in a specific career area. Non-credit personal interest courses are available in many areas including the arts, computer technology, personal development, and financial management. As indicated by racial category, the student enrollment data mirrors the population of Maricopa County: 55% Anglo, 20% Hispanic, 7% African American, 4% Asian, 3% Native American and 11% other.

The District is a major part of the community and continues to be a pipeline for the State's four-year universities, primarily Arizona State University (ASU). In academic year 2009-10, approximately 27,000 undergraduates enrolled at the three state universities had transferred 12 or more credits from MCCC.

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

State and Local Economy

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

State and Local Economy (continued)

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

According to the Arizona Department of Commerce Research Administration, the Arizona economy is projected to experience a slow to moderate recovery from 2010 to 2011. The pace of non-farm job losses is expected to slow in 2010 and then slight gains in non-farm jobs are anticipated in 2011. Specifically, the rate of loss projected for Arizona's non-farm employment in 2010 is 1.1%. However, job growth of .7% is expected in 2011 as a result of a gradually improving economy. This translates into an estimated loss of 9,200 non-farm jobs over the two-year forecast period. As of August 2010, Arizona's seasonally adjusted unemployment rate had reached 9.7%.

The current set of problems inhibiting growth in the economy is expected to continue through 2011. These problems include high levels of unemployment, large debt loads, reduced income and wealth, weak housing and commercial real estate markets, rising health care costs and budget deficits in state and local governments. Government is expected to see the greatest number of job losses during the 2010-2011 period with a reduction of 15,400 jobs, or a decline of 3.6%. Employment reductions in the federal government are forecast to be the result of the layoffs of Census 2010 temporary workers. State and local government-projected reductions in employment are the result of the ongoing budget deficit crisis. As a result of the continued problems in the residential and commercial real estate markets, construction, which was a significant driver of the Arizona economy during the boom in 2001-2006, is projected to have job losses of 13,100, or 10.2%, over the two-year period. Educational and Health Services is the sector with the largest projected job gains for the forecast time period with 14,500 jobs, or 4.4%. The subsectors with the most rapid pace of projected job growth are health care and social assistance followed by private educational services.

Long Term Financial and Operational Planning

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

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

This planning process and policy guidance support the development of the District's long-term operational planning which is finalized each year in the "Maricopa Financial Plan". This 15-year

Long Term Financial and Operational Planning (continued)

plan helps the District align its key components of strategic and financial planning with estimated trends in funding as well as linking long-term strategic directions with estimated long-term budget resources.

Budget Process

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

Financial Reporting

An automated financial accounting system captures all financial transactions and provides data for the preparation of this CAFR, including the audited financial statements. These statements present information on the financial position of the District and confirm that resources were adequate to cover the costs of providing services during the reporting period. The District's award-winning CAFR is distributed to the Board and executive management, the state legislature, federal and state agencies, bond-rating agencies, financial institutions and the general public. Internal management reports, customized to meet the information and decision-making needs at all levels of the organization, aid in the management of financial resources.

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

Cash Management

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

Certain cash is on deposit with the State Treasurer and is invested on a pooled basis with interest prorated back to the District. Beginning in FY 2010, the District has contracted with an independent investment advisor in order to diversify the District's investments. Amounts available are invested by the Treasurer and the investment advisor in a prudent, conservative, and secure manner for the highest yield as prescribed by the District's investment policy and Arizona Revised Statutes.

Long Term Financial and Operational Planning (continued)

Risk Management

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

Major Initiatives

The Beyond Boundaries program was updated to identify three fundamental principles for the District to focus on: student success, one Maricopa, and public stewardship. As a community of colleges serving a large and diverse metropolitan area, collaboration and cooperation for the benefit of students is a primary objective. Moreover, we continue to strive for a "Maricopa experience" that reflects common values and service standards at every college. We are committed to ensuring that students have full access to the learning opportunities they seek and that they are successful in their endeavors, regardless of the colleges they attend. Described here are a few of the initiatives undertaken to achieve those objectives.

ASU and NAU Alliances

Maricopa has invested in new transfer partnerships with Arizona State University (ASU) and Northern Arizona University (NAU) which are intended to increase the number of students who complete Associate and Baccalaureate degrees. The Maricopa/ASU Alliance has been expanded beyond the original five programs to more than fifty programs through degree-to-degree pathways. The NAU Connection partnership includes selected high demand baccalaureate degree programs offered on the site of all ten colleges. Both programs provide university transfer advisors onsite at the community colleges and other student benefits such as dedicated advising and support components.

Maricopa Student Refund Program

In FY 2009, the District issued over 135,000 payments to students for refunds and excess financial aid. Payments are currently issued in the form of a paper check that is mailed to the student. The process is expensive and outdated and our students have been requesting a more convenient form of payment. Therefore, during FY 2010, the District formed a district wide team to procure, and later implement, different and flexible options for payments to our students. As a result of this process, students began enrolling in the Maricopa Student Refund Program (MSRP) enabling them to choose their preferred method of payment—direct deposit, prepaid debit card, or paper check—in early August. By the end of September 2010, over 53,000

Major Initiatives (continued)

students had enrolled, and Citi Prepaid Services had disbursed over \$110 million dollars in financial aid and tuition refunds.

2004 Capital Development Program

As a result of the support of a referendum approved by 76% of voters in 2004, the Maricopa County Community Colleges embarked on a \$951 million capital program financed by General Obligation bonds. The Capital Development Program will provide the physical environment to support education and job training and to meet the needs of current and future community college students through new and improved institutional facilities and support spaces. It will reach all colleges and skill centers in the District and calls for improvements in educational and institutional technologies as well as student and community safety and security. However, inflation rates in the construction industry, which had been at historically high rates from late 2004 through early 2009, limited our ability to develop this program as planned. The major impact has been that numerous projects have been reduced in size and some projects have been canceled in order to fund higher priority projects. Parallel to the collapse of the local economy, the balance of 2009 and 2010 has seen prices drop back to near 2008 levels. However, there already are signs of inflation returning as the national and international economies recover. The result is the potential for as much as a 20% reduction in the amount of building space that we can develop. District and College capital plans continue to be revised to optimize the use of remaining bond funds in this new economic environment.

Since the inception of the 2004 Capital Development Program, thirty major new construction or remodeling projects have been completed. These include eight new or substantially remodeled science instruction buildings, totaling 332,000 square feet. The Maricopa Community Colleges also continue to foster and develop partnerships. Funds from the 2004 General Obligation Bond Funds constructed the Rio Communiversity on property owned by the City of Surprise, Arizona. Three Maricopa Community Colleges and two universities will combine to offer twenty-plus Bachelor's and Master's degree programs at the Rio Communiversity in Surprise. Two additional buildings funded by the 2004 G.O. bond will also host partnerships. The PVCC North-YMCA Community Center, completed in 2009, and the SMCC Joint Library Building with the City of Phoenix, scheduled for completion in early 2011.

The purchase of eleven existing buildings added 412,000 square feet of space, which is being gainfully used now to provide support or instruction. There are eight projects currently in construction which will add or remodel 175,000 square feet of building space. Another six projects, which are currently in project initiation, consultant selection, or design, will add or remodel 275,000 square feet of space in the next few years. For future growth, the purchase of six parcels of land has added 230 acres. In addition to the construction and remodeling, the District continues significant maintenance and energy conservation work across all existing locations.

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Maricopa County Community College District for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the 19th consecutive year that the District has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal regulations.

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

Acknowledgment

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

Respectfully submitted,

Debra Thompson
Vice Chancellor for Business Services

Kimberly Brainard Granio, CPA
Director, Financial Services & Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Maricopa County
Community College District
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



A stylized, handwritten signature in black ink.

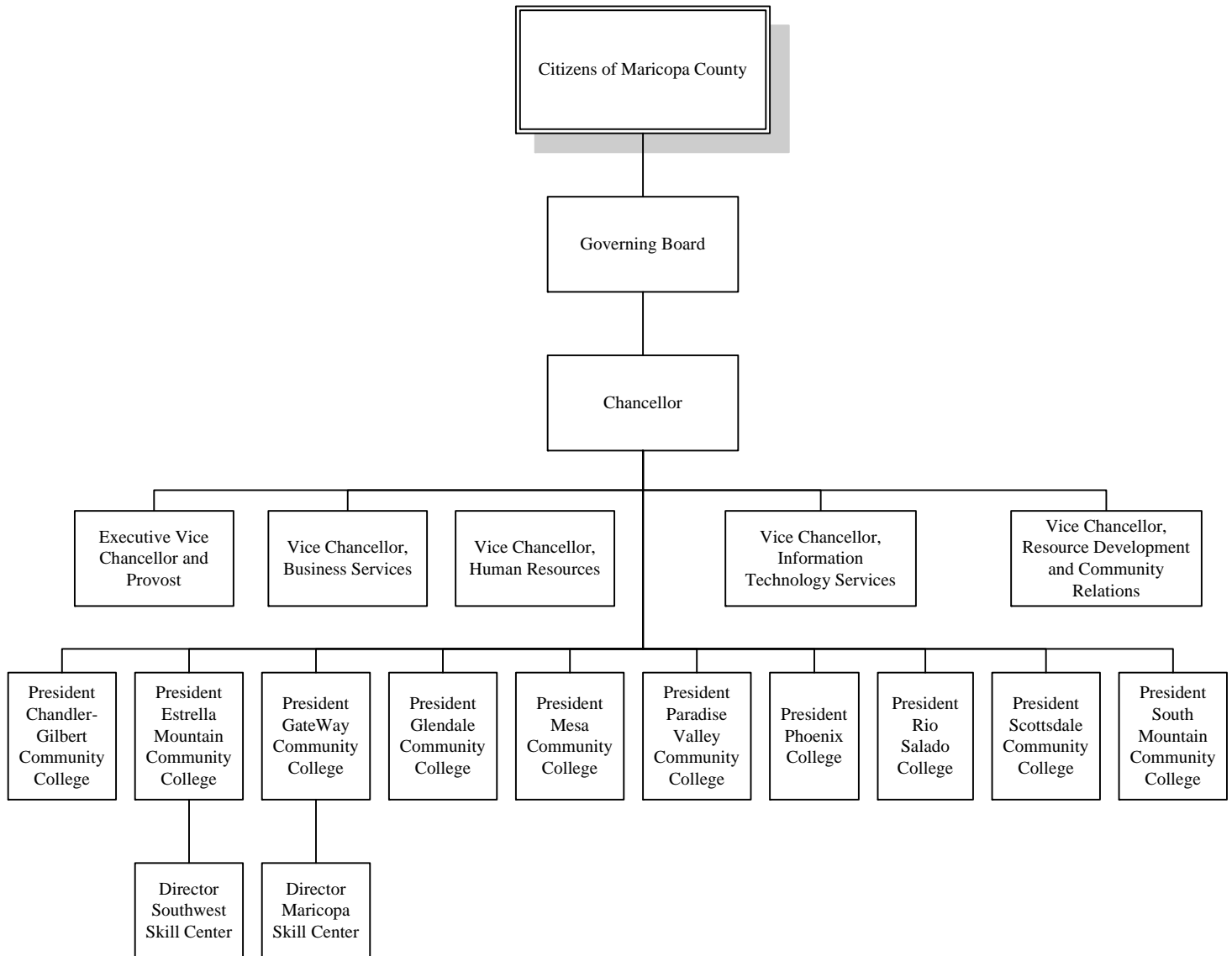
President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

Maricopa County Community College District

Organizational Chart



Maricopa County Community College District

Principal Officers

Governing Board

Mr. Randolph Lumm, *President*
Mr. Jerry D. Walker, *Secretary*
Mr. Doyle Burke (*effective 10/25/10*)
Dr. Donald R. Campbell
Mrs. Debra Pearson

Administration

Dr. Rufus Glasper, *Chancellor*
Dr. Maria Harper-Marinick, *Executive Vice Chancellor and Provost*
Ms. Debra Thompson, *Vice Chancellor, Business Services*
Dr. Phillip D. Randolph, *Interim Vice Chancellor, Human Resources*
Mr. George Kahkedjian, *Vice Chancellor, Information Technology Services (effective 8/16/10)*
Dr. Steven Helfgot, *Vice Chancellor, Resource Development & Community Relations*

College Presidents and Directors

Dr. Linda Lujan, *President, Chandler-Gilbert Community College*
Dr. Ernie Lara, *President, Estrella Mountain Community College*
Dr. Eugene Giovannini, *President, GateWay Community College*
Dr. Velvie Green, *President, Glendale Community College*
Dr. Shouan Pan, *President, Mesa Community College*
Dr. Paul Dale, *President, Paradise Valley Community College*
Dr. Anna Solley, *President, Phoenix College*
Dr. Chris Bustamante, *President, Rio Salado College*
Dr. Jan Gehler, *President, Scottsdale Community College*
Dr. Joyce Elsner, *Interim President, South Mountain Community College (effective 7/1/10)*
Ms. Katie Bocker, *Director, Southwest Skill Center*
Dr. Sue Kater, *Interim Director, Maricopa Skill Center*



Vision, Mission & Values

Vision

A Community of Colleges...Colleges for the Community

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

Mission

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

We Focus On Learning Through:

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

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

Statement of Values

The Maricopa Community Colleges are committed to:

Community

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

Excellence

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

Honesty and integrity

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

Inclusiveness

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

Innovation

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

Learning

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

Responsibility

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

Stewardship

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

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



Financial Section



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Governing Board of
Maricopa County Community College District

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Maricopa County Community College District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the discretely presented component unit were not audited by the other auditors in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Maricopa County Community College District as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis on pages 17 through 24 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

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

Debbie Davenport
Auditor General

December 1, 2010

**Maricopa County Community College District
Management's Discussion and Analysis
For the Year Ended June 30, 2010**

Our discussion and analysis introduces the basic financial statements and provides an overview of the District's financial activities for the year ended June 30, 2010. Please read it in conjunction with the transmittal letter, which precedes this section, and the financial statements, which immediately follow.

Basic Financial Statements

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

The *Statement of Net Assets* reflects the financial position of the District as of June 30, 2010. It shows the assets owned or controlled, related liabilities and other obligations, and the categories of net assets. Net assets is an accounting concept defined as total assets less total liabilities, and as such, represents institutional equity or ownership in the total assets of the District.

The *Statement of Revenues, Expenses, and Changes in Net Assets* reflects the results of operations and other changes for the year ended June 30, 2010. It shows revenues and expenses, both operating and nonoperating, reconciling the beginning net assets amount to the ending net assets amount, which is shown on the *Statement of Net Assets* described above.

The *Statement of Cash Flows* reflects the inflows and outflows of cash and cash equivalents for the year ended June 30, 2010. It shows the cash activities by type, reconciling the beginning cash and cash equivalents amount to the ending cash and cash equivalents amount, which is shown on the *Statement of Net Assets*, described above. In addition, this statement reconciles cash flows from operating activities to operating loss on the *Statement of Revenues, Expenses, and Changes in Net Assets* described above.

Although the primary focus of this document is on the results and activity for fiscal year 2009-10 (FY 2010), comparative data is presented for the previous fiscal year 2008-09 (FY 2009). This Management's Discussion and Analysis (MD&A) uses the prior fiscal year as a reference point in illustrating issues and trends for determining whether the institution's financial health may have improved or deteriorated.

Basic Financial Statements (continued)

Condensed Financial Information

<i>Statement of Net Assets</i>	<i>As of June 30, 2010</i>	<i>As of June 30, 2009</i>
Current assets	\$442,701,314	\$379,600,725
Noncurrent assets, other than capital assets	331,313,882	438,764,410
Capital assets, net	662,040,127	621,794,001
Total assets	1,436,055,323	1,440,159,136
Other liabilities	72,671,414	78,629,967
Long-term liabilities	703,331,253	780,739,539
Total liabilities	776,002,667	859,369,506
Net assets:		
Invested in capital assets, net of related debt	175,467,529	150,334,028
Restricted net assets	161,789,104	173,756,182 *
Unrestricted net assets	322,796,023	256,699,420 *
Total net assets	\$660,052,656	\$580,789,630

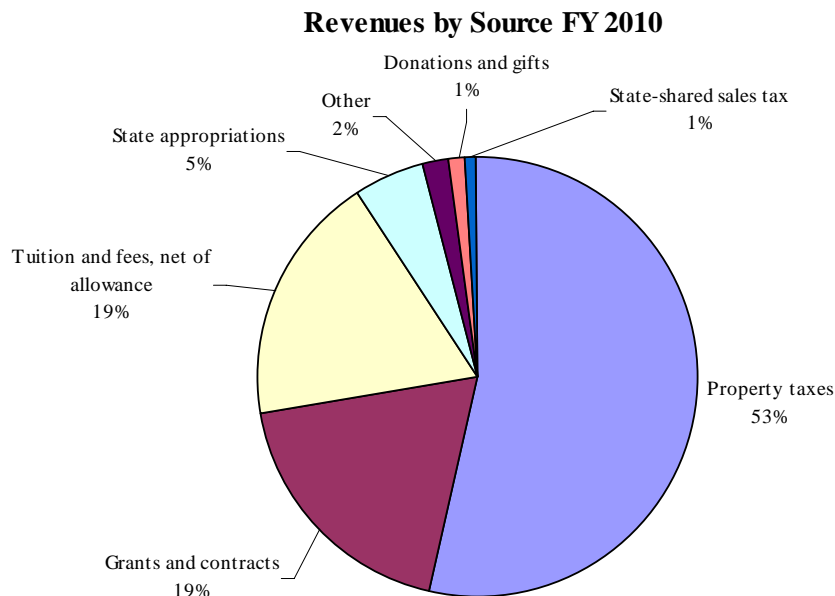
* As restated

<i>Statement of Revenues, Expenses, and Changes in Net Assets</i>	<i>For the Year Ended June 30, 2010</i>	<i>For the Year Ended June 30, 2009</i>
Operating revenues	\$174,249,553	\$163,757,604
Operating expenses:		
Educational and general	658,722,560	589,578,926
Auxiliary enterprises	50,996,494	64,611,408
Depreciation	36,330,022	30,751,225
Other	1,013,164	948,362
Total operating expenses	747,062,240	685,889,921
Operating loss	(572,812,687)	(522,132,317)
Nonoperating revenues and expenses	651,550,072	603,969,848
Income before other revenues, expenses, gains, or losses	78,737,385	81,837,531
Other revenues, expenses, gains, or losses	525,641	238,899
Increase in net assets	79,263,026	82,076,430
Net assets, Beginning of year	580,789,630	498,713,200
Net assets, End of year	\$660,052,656	\$580,789,630

Basic Financial Statements (continued)

The following schedule presents a summary and comparison of revenues for the fiscal years ended June 30, 2010 and June 30, 2009.

<i>Revenues by Source</i>	FY 2010		FY 2009		Increase/(Decrease)	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Change</u>
<u>Operating revenues</u>						
Tuition and fees, net of scholarship allowance	\$159,375,315	19%	\$151,219,327	19%	\$8,155,988	5%
Other operating revenues	14,874,238	2	12,538,277	2	2,335,961	19
Total operating revenues	<u>174,249,553</u>	<u>21</u>	<u>163,757,604</u>	<u>21</u>	<u>10,491,949</u>	<u>6</u>
<u>Nonoperating revenues</u>						
Property taxes	453,614,833	53	443,029,346	56	10,585,487	2
State appropriations	45,327,400	5	51,127,990	6	(5,800,590)	(11)
State-shared sales tax	7,117,273	1	7,233,376	1	(116,103)	(2)
Grants and contracts	160,308,184	19	103,549,433	13	56,758,751	55
Donations and gifts	10,055,712	1	13,964,331	2	(3,908,619)	(28)
Investment earnings, net of investment expense	1,443,634	-	8,193,560	1	(6,749,926)	(82)
Gain on sale/disposal of capital assets	-	-	474,367	-	(474,367)	(100)
Total nonoperating revenues	<u>677,867,036</u>	<u>79</u>	<u>627,572,403</u>	<u>79</u>	<u>50,294,633</u>	<u>8</u>
Total revenues	<u>\$852,116,589</u>	<u>100%</u>	<u>\$791,330,007</u>	<u>100%</u>	<u>\$60,786,582</u>	<u>8%</u>

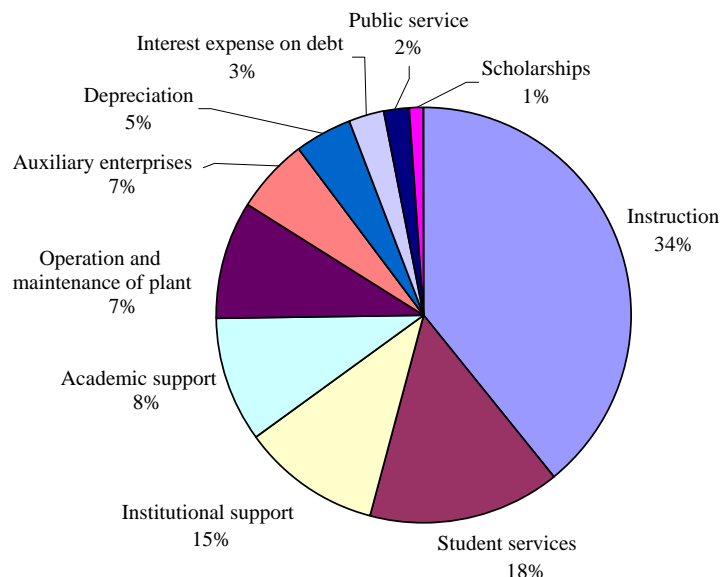


Basic Financial Statements (continued)

The following schedule presents a summary and comparison of expenses for the fiscal years ended June 30, 2010 and June 30, 2009.

<i>Expenses by Function</i>	FY 2010		FY 2009		Increase/(Decrease)	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Change</u>
<u>Operating expenses</u>						
Educational and general						
Instruction	\$259,910,171	34%	\$262,225,806	37%	(\$2,315,635)	(1%)
Public service	16,409,433	2	15,179,889	2	1,229,544	8
Academic support	61,932,074	8	63,593,950	9	(1,661,876)	(3)
Student services	139,268,604	18	79,001,456	11	60,267,148	76
Institutional support	117,886,963	15	112,943,813	16	4,943,150	4
Operation and maintenance of plant	58,528,563	7	53,449,913	8	5,078,650	10
Scholarships	4,786,752	1	3,184,099	1	1,602,653	50
Auxiliary enterprises	50,996,494	7	64,611,408	9	(13,614,914)	(21)
Depreciation	36,330,022	5	30,751,225	4	5,578,797	18
Other	1,013,164	-	948,362	-	64,802	7
Total operating expenses	<u>747,062,240</u>	<u>97</u>	<u>685,889,921</u>	<u>97</u>	<u>61,172,319</u>	<u>9</u>
<u>Nonoperating expenses</u>						
Interest expense on debt	26,309,121	3	23,363,656	3	2,945,465	13
Loss on sale/disposal of capital assets	7,843	-	-	-	7,843	-
Total nonoperating expenses	<u>26,316,964</u>	<u>3</u>	<u>23,363,656</u>	<u>3</u>	<u>2,953,308</u>	<u>13</u>
Total expenses	<u>\$773,379,204</u>	<u>100%</u>	<u>\$709,253,577</u>	<u>100%</u>	<u>\$64,125,627</u>	<u>9</u>

Expenses by Function FY 2010



Financial Highlights and Analysis

Statement of Net Assets

The District's overall financial position improved in FY 2010. Total net assets for the District grew by \$79.3 million from FY 2009 to FY 2010. This growth resulted from increases and decreases in various categories. Approximately \$66.1 million of the increase is in unrestricted net assets which are used for general operational activities and other activities as designated by the District, but are not otherwise restricted by an external party. Approximately \$18.6 million of the increase in unrestricted net assets is attributed to a restatement of restricted net assets for capital projects as of June 30, 2009. Fund transfers set aside by the District for capital projects were previously classified as restricted net assets for capital projects but are more appropriately classified as unrestricted. The remaining increase in unrestricted net assets (approximately \$47.5 million) results from the District's decision to set aside funds in FY 2010 for future capital projects as well as revenues out pacing expenditures due to conservative budgeting practices and uncertainty about the future of the economy and State funding. Another noteworthy increase was in invested in capital assets net of related debt (\$25.1 million) where the increase is primarily due to capital additions which were funded by non-debt resources or by bonded debt that had already been retired. These increases in net assets were offset by a decrease of \$6.3 million for debt service as the amount due in early July 2010 was lower than the amount due at the same point for 2009 resulting in a lower dollar amount accumulated to service the debt. Additionally, a decrease in capital projects of approximately \$21.9 million is due to spending of balances from prior capital appropriations and the restatement of prior net asset balances (see explanation above).

Total assets decreased \$4.1 million from FY 2009 to FY 2010, resulting from a combination of increases and decreases in various categories of assets. Current assets increased by approximately \$63.1 million primarily for the same reasons noted above for unrestricted net assets. Noncurrent assets decreased by approximately \$107.5 million and capital assets increased approximately \$40.2 million. Both changes are primarily due to capital expenditures related to the District's bond program as various assets were added throughout the year including completed buildings, land, and a mixture of equipment (see Notes to Financial Statements – Note 4 for additional details).

Total liabilities for the District decreased by \$83.4 million. The primary reason for the reduction of long-term liabilities is due to the payment of general obligation and revenue bond debt service in the amount of \$76.2 million as was scheduled for FY 2010.

Statement of Revenues, Expenses, and Changes in Net Assets

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

Total revenue for the District increased by approximately \$60.8 million from FY 2009 to FY 2010. The following revenue sources make up a significant portion of this total increase.

- Increase of \$8.2 million in tuition and fees due to a rise in full-time equivalent student enrollment for the District.
- Increase of \$10.6 million in property taxes due to collections from new construction in Maricopa County.

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

- Increase of \$56.8 million in government grants and contracts primarily due to a significant increase in federal student financial aid related to the number of students eligible for and receiving Federal Pell grants as well as an increase in the maximum Pell award amount.
- Decreases in state appropriations (\$5.8 million), donations and gifts (\$3.9 million), and investment earnings (\$6.7 million) offset some of the increases experienced in the other categories. These reductions were primarily due to the decline in the country's economic conditions.

Total expenses increased by \$64.1 million from FY 2009 to FY 2010. The following functional expenses comprise a significant portion of this total increase.

- Increase of \$60.3 million in student services
In addition to financial aid awarded to students, this category includes activities that contribute to the students' emotional and physical well being and to promote intellectual, cultural, and social development outside the context of the formal classroom. A significant increase occurred in financial aid disbursements due to more students being eligible for Federal Pell grants and a higher maximum award available for the program. Increases were also noted for salaries (including part-time wages) and related benefits and other athletic program expenses that were previously classified as auxiliary enterprises (see explanation below).
- Increase of \$5.1 million in operation and maintenance of plant
This category includes activities supporting the operation and maintenance of the District's facilities and grounds. This category experienced a rise in the areas of utility costs as well as small increases in salaries; benefits; contractual services; and purchases of furniture, fixtures, and equipment in support of the District's capital program.
- Decrease of \$13.6 million in auxiliary enterprises
This category includes expenses for programs characterized as self-supporting activities. The decrease in this category is primarily due to several categories of expenses that were operational in nature being reclassified to the appropriate functional category.
- Increase of \$5.6 million in depreciation
This category represents the allocation of expenses over the useful life of a capital asset rather than expensing the asset when purchased. The increase in this category is primarily due to a substantial number of assets completed and reclassified during the year from construction in progress to depreciable assets. Once an asset is completed, it begins the depreciation process to expense the cost of the asset as of the date it was placed in service. See Notes to Financial Statements – Note 4 for more information.

Capital Assets and Debt Administration

The District's capital assets as of June 30, 2010 totaled \$662.0 million (net of accumulated depreciation). Capital assets include land, construction in progress, buildings, equipment, intangibles, improvements other than buildings, and library books. The change in the District's capital assets for the current year was an increase of slightly more than 6%, primarily attributed to increased investment in buildings, construction, technology, and equipment. The District has approximately \$43.3 million in construction in progress, with an estimated cost to complete of

Capital Assets and Debt Administration (continued)

approximately \$161.0 million. Additional information on capital assets can be found in Notes to Financial Statements – Note 4.

The District has issued \$650.3 million (or 68%) of the authorized \$951.4 million from the November 2, 2004 voter-approved bond election. These general obligation bonds were sold to finance general improvement of the District's educational facilities and for the purchase of land and equipment. Additional information on all of the District's bond issues is discussed in greater detail in Notes to Financial Statements – Note 5. The District anticipates issuing a new series every two years, depending on cash flow needs. The next anticipated issuance is planned for fiscal year 2011. All proceeds are fully invested until spent on projects.

In April 2010, the District refunded \$31.3 million of the 1994 Series C General Obligation Bonds. By refunding these GO bonds, the District saves \$1.6 million in interest costs over the life of the bonds, or \$1.5 million at the present value, which translates into lower taxes for the District's taxpayers. These savings are net of any costs incurred during the refunding process.

At year-end, the District's financial position remains strong, with adequate resources and reserves to meet all current obligations. In early March 2010, the District's general obligation bond debt issue ratings were reaffirmed as Aaa by Moody's Investors Service, AAA by Fitch, and AAA by Standard & Poor's. Reasons cited for the high ratings were strong financial policies and management practices; multiyear planning efforts; diverse revenue streams which help mitigate cuts in State funding, economic downturns, or enrollment declines; continued exceptionally strong and stable financial performance, as evidenced by ongoing operating surpluses and rising fund balances; relatively modest debt levels; and rapid retirement of debt. See Current Factors Having Probable Future Financial Significance for additional information on the State's economy.

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

Current Factors Having Probable Future Financial Significance

As the 2004 Bond Program continues, buildings open and new technology is acquired to serve the community; the District is challenged to ensure that there are sufficient resources and budget capacity to operate the buildings and support the technology. As of FY 2010, the District has set aside \$23.6 million in budget capacity for this purpose and will continue to increase this capacity as the Bond Program progresses.

The global economy has been experiencing a severe downturn. With rising foreclosures, unemployment, business closures, bankruptcies, and declining sales, the nation and Arizona have been in a recession. Although some economists believe the recession has ended, most agree the Arizona economy will be very slow to recover. Specifically, the recession has resulted in declines in State sales and income taxes forcing the State to cut budgets to State agencies, cities, towns, universities, and community colleges. For FY 2009, the State cut \$17.5 million (a mid-year cut of \$4.3 million was imposed in January 2009 to be effective immediately) and cut an

Current Factors Having Probable Future Financial Significance (continued)

additional \$5.8 million of the District's FY 2010 operational appropriation. Due to a hold harmless provision agreed to by the State when it accepted Federal stimulus funds, it cannot cut the District's appropriation for fiscal year 2010-11 (FY 2011). However, this provision expires after FY 2011 and it is expected that an on-going effort to balance the State's budget will result in significant cuts in State appropriations beginning in fiscal year 2011-12.

The State projects a revenue shortfall of \$1.4 billion in FY 2011. The District is likely to be affected by the State's financial issues for several years to come. The District has always budgeted conservatively and will continue to take precautions. All past State appropriation reductions, as well as any in the future, are addressed with permanent budget reductions. In order to address these anticipated changes, the District implemented a permanent 1% cut for FY 2009 and an additional 1% cut in FY 2010. The District is also planning for the possibility of additional cuts. When budget cuts are considered, the District's focus will remain on the primary missions of teaching and learning and student success. Other significant commitments the District has made are: to monitor resources carefully and regularly; to maintain a strong message that budget cuts to the community colleges harm students, harm the ability to serve the workforce needs of the State and as a result, cause even more harm to Arizona's future economy; to be prepared to deal quickly with the effects of changes in the economic outlook; to develop strategies that take into account the District's growth patterns, including reallocation of resources to programs that are mission-critical; and to be prepared to scale back where and when needed. Future budget plans will only be adopted after determining the best way to preserve the primary missions of teaching and learning and student success.

Requests for Information

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

**Maricopa County Community College District
Statement of Net Assets – Primary Government
June 30, 2010**

	Business-Type Activities
Assets	
Current assets:	
Cash and cash equivalents	\$ 351,798,691
Investments	43,412,738
Receivables (net of allowance of \$10,482,900)	45,303,802
Other	2,186,083
Total current assets	442,701,314
Noncurrent assets:	
Receivables (net of allowance of \$585,830)	246,493
Other	5,740,833
Restricted assets:	
Cash and cash equivalents	272,452,168
Investments	43,942,013
Receivables (net of allowance of \$656,859)	3,407,665
Other	5,524,710
Capital assets, not being depreciated	105,902,692
Depreciable capital assets, net of depreciation	556,137,435
Total noncurrent assets	993,354,009
Total assets	1,436,055,323
Liabilities	
Current liabilities:	
Accounts payable	11,277,598
Accrued liabilities	38,115,365
Deposits held in custody for others	1,301,974
Interest payable	13,305,669
Deferred revenues	8,670,808
Long-term liabilities - current portion	69,058,031
Total current liabilities	141,729,445
Noncurrent liabilities:	
Total liabilities	776,002,667
Net Assets	
Invested in capital assets, net of related debt	175,467,529
Restricted:	
Nonexpendable:	
Endowments	215,884
Student loans	337,691
Expendable:	
Scholarships	1,439,063
Grants and contracts	14,700,973
Student loans	73,046
Debt service	76,002,338
Capital projects	69,020,109
Unrestricted	322,796,023
Total net assets	\$ 660,052,656

See accompanying notes to financial statements.

Maricopa County Community College District
Statement of Financial Position – Component Unit
June 30, 2010

Assets	<u>Maricopa County Community College District Foundation</u>
Current assets:	
Cash and cash equivalents	\$ 405,074
Pledges receivable, net	<u>264,645</u>
Total current assets	<u>669,719</u>
Pledges receivable, net of current portion, discount and allowance	114,137
Investments	20,362,215
Investments held for other	1,056,081
Cash surrender value of life insurance	521,930
Cash held for endowment purposes	366,957
Beneficial interest in charitable remainder unitrust	58,477
Other assets	<u>2,300</u>
Total assets	<u><u>\$ 23,151,816</u></u>
 Liabilities and Net Assets	
Current liabilities:	
Accounts payable	\$ 416,511
Charitable gift annuity liability	<u>181,064</u>
Total current liabilities	597,575
Investments held for other	<u>1,056,081</u>
Total liabilities	<u>1,653,656</u>
Net assets:	
Unrestricted	829,847
Temporarily restricted	6,306,771
Permanently restricted	<u>14,361,542</u>
Total net assets	<u>21,498,160</u>
Total liabilities and net assets	<u><u>\$ 23,151,816</u></u>

See accompanying notes to financial statements.

Maricopa County Community College District
Statement of Revenues, Expenses, and Changes in Net Assets –
Primary Government
For the Year Ended June 30, 2010

	Business-Type Activities
Operating revenues:	
Tuition and fees (net of scholarship allowance of \$60,878,629)	\$ 159,375,315
Other	14,874,238
Total operating revenues	174,249,553
Operating expenses:	
Educational and general:	
Instruction	259,910,171
Public service	16,409,433
Academic support	61,932,074
Student services	139,268,604
Institutional support	117,886,963
Operation and maintenance of plant	58,528,563
Scholarships	4,786,752
Auxiliary enterprises	50,996,494
Depreciation	36,330,022
Other	1,013,164
Total operating expenses	747,062,240
Operating loss	(572,812,687)
Nonoperating revenues (expenses):	
Property taxes	453,614,833
State appropriations	45,327,400
State-shared sales tax	7,117,273
Government grants and contracts	156,706,644
Private grants and contracts	3,601,540
Private gifts	10,055,712
Investment earnings, net of investment expense	1,443,634
Interest expense on debt	(26,309,121)
Loss on sale/disposal of capital assets	(7,843)
Total nonoperating revenues	651,550,072
Income before other revenues, expenses, gains, or losses	78,737,385
Capital grants and gifts	525,641
Increase in net assets	79,263,026
Total net assets, July 1, 2009	580,789,630
Total net assets, June 30, 2010	\$ 660,052,656

See accompanying notes to financial statements.

Maricopa County Community College District
Statement of Activities – Component Unit
For the Year Ended June 30, 2010

Maricopa County Community College District Foundation

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenue:				
Contributions	\$ -	\$ 2,184,138	\$ 595,635	\$ 2,779,773
Contributed services	190,670	-	-	190,670
Investment return	1,083,166	1,022,350	-	2,105,516
Increase in cash surrender value of life insurance	-	-	8,201	8,201
Management fees	5,070	-	-	5,070
Total support and revenue before special events and net assets released from restrictions	<u>1,278,906</u>	<u>3,206,488</u>	<u>603,836</u>	<u>5,089,230</u>
Special events revenue	-	326,766	-	326,766
Less cost of direct donor benefits	-	(98,128)	-	(98,128)
Gross profit from special events	<u>-</u>	<u>228,638</u>	<u>-</u>	<u>228,638</u>
Net assets released from restrictions	<u>3,509,402</u>	<u>(3,509,402)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>4,788,308</u>	<u>(74,276)</u>	<u>603,836</u>	<u>5,317,868</u>
Expenses:				
Program expenses				
Scholarships and program support	<u>3,303,269</u>	<u>-</u>	<u>-</u>	<u>3,303,269</u>
Supporting services				
General and administrative	<u>529,184</u>	<u>-</u>	<u>-</u>	<u>529,184</u>
Total expenses	<u>3,832,453</u>	<u>-</u>	<u>-</u>	<u>3,832,453</u>
Change in net assets	955,855	(74,276)	603,836	1,485,415
Net assets (deficit), beginning of year	(126,008)	6,011,234	14,127,519	20,012,745
Reclassification of donor intent	<u>-</u>	<u>369,813</u>	<u>(369,813)</u>	<u>-</u>
Net assets, end of year	<u>\$ 829,847</u>	<u>\$ 6,306,771</u>	<u>\$ 14,361,542</u>	<u>\$ 21,498,160</u>

See accompanying notes to financial statements.

**Maricopa County Community College District
Statement of Cash Flows – Primary Government
For the Year Ended June 30, 2010**

CASH FLOWS FROM OPERATING ACTIVITIES	Business-Type Activities
Tuition and fees	\$ 159,305,844
Payments to employees	(473,884,867)
Payments to providers of goods and services	(142,194,798)
Payments to students for grants and scholarships	(95,516,491)
Other receipts	14,727,025
Net cash used for operating activities	(537,563,287)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property taxes	453,288,693
State appropriations	45,327,400
State-shared sales tax	7,125,799
Grants and contracts	163,388,092
Federal student loans received	167,053,056
Federal student loans disbursed	(167,053,056)
Deposits held by others received	1,477,857
Deposits held by others disbursed	(1,327,007)
Gifts received for other than operating or capital purposes	10,055,711
Net cash provided by noncapital financing activities	679,336,545
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from issuance of bonds	31,528,623
Proceeds from sale of capital assets	264,877
Purchase of capital assets	(77,072,035)
Principal paid on capital debt and leases	(108,689,781)
Interest paid on capital debt and leases	(26,926,713)
Net cash used for capital and related financing activities	(180,895,029)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(87,306,983)
Interest received on investments	1,688,257
Net cash used for investing activities	(85,618,726)
Net decrease in cash and cash equivalents	(124,740,497)
Cash and cash equivalents - beginning of year	748,991,356
Cash and cash equivalents - end of year	\$ 624,250,859

(continued)

See accompanying notes to financial statements.

Statement of Cash Flows (continued)

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

Operating loss	\$ (572,812,687)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation expense	36,330,022
Provision for uncollectible accounts	2,074,290
Expenses (related to revenue) for donations of non-capitalized items	748,808
Changes in assets and liabilities:	
Increase in:	
Accrued liabilities	2,748,176
Long-term liabilities - Compensated absences	509,304
Decrease in:	
Receivables	305,121
Other assets	1,687,394
Student loans receivable	10,370
Accounts payable	(9,094,615)
Deferred revenues	(69,470)
Net cash used for operating activities	<u>\$ (537,563,287)</u>

Noncash transactions:

Increase in fair value of investments. The fair value of investments increased by \$5,895.

Capital asset trade-ins. \$166,868 of capital assets were traded in or exchanged for other assets during the year.

Gifts of depreciable and non-depreciable assets. The District recorded the receipt of gifts of depreciable and non-depreciable assets of \$525,641.

Amortization of prepaid bond issuance costs. The District amortized \$576,761 of prepaid bond issuance costs.

Amortization of premium on bonds and deferred charges. The District amortized \$1,795,916 of bond premiums and (\$1,039,485) of deferred charges.

Rebatable arbitrage liability. The rebatable arbitrage liability decreased \$1,134,478 for the year ended June 30, 2010.

Increase in claims payable. The estimate of claims payable for health benefits and workers' compensation increased by \$1,050,709 between fiscal year 2009 and fiscal year 2010 (reported as accrued liabilities on the Statement of Net Assets).

Increase in contingent losses. The estimate of the payable for contingent losses increased by \$419,500 between fiscal year 2009 and fiscal year 2010 (reported as accrued liabilities on the Statement of Net Assets).

Amortization of prepaid rent. The District recorded amortization of \$212,409 for use of the Glendale and Phoenix fire science facility.

See accompanying notes to financial statements.

Maricopa County Community College District
Notes to Financial Statements
For the Year Ended June 30, 2010

NOTE 1 - Summary of Significant Accounting Policies

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

For the year ended June 30, 2010, the District implemented the provisions of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, and GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. GASB Statement No. 53 establishes standards for accounting and financial reporting, including note disclosures requirements, for derivative instruments. However, there were no derivative instruments or material adjustments for intangible assets to report at June 30, 2009 or June 30, 2010.

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

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

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

NOTE 1 - Summary of Significant Accounting Policies (continued)

During the year ended June 30, 2010, the Foundation distributed \$3,303,269 to the District for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Foundation Office at 2419 W. 14th Street, Tempe, AZ 85281.

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

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

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

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

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

NOTE 1 - Summary of Significant Accounting Policies (continued)

revenue in the year in which the appropriation is first made available for use. Grants and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The District follows FASB Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The District has chosen the option not to follow FASB Statements and Interpretations issued after November 30, 1989.

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

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

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

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

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

NOTE 1 - Summary of Significant Accounting Policies (continued)

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

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

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

NOTE 2 - Deposits and Investments

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

The statutes do not require the District to deposit other public monies with the County Treasurer; however, the District must act as a prudent person dealing with the property of another by following the statutory guidelines for investment decisions. The District invests in U.S. government securities, the State Treasurer's Local Government Investment Pool, repurchase agreements, commercial paper, guaranteed investment contracts, insured or collateralized deposits, certificates of deposit, and interest-bearing savings accounts. Mutual funds held by the District are the result of donations by third parties. The statutes do not include any requirements for credit risk, custodial credit risk, interest rate risk, concentration of credit risk, or foreign currency risk for the District's investments.

Deposits

At June 30, 2010, total cash on hand was \$221,350. The carrying amount of bank deposits on the District's accounting system was \$21,649,728. At June 30, 2010, the District's bank balance was \$27,734,108; \$26,958,532 was uninsured with collateral held by the pledging financial institution's trust department or agent but not in the District's name. The District does not have a formal policy with respect to custodial credit risk.

NOTE 2 - Deposits and Investments (continued)

Investments

The District's investments at June 30, 2010 consist of the following:

<u>Investment Type</u>	<u>Amount</u>
State Treasurer's investment pool 7	\$550,352,799
County Treasurer's investment pool	7,358,653
U.S. agency securities	82,625,210
Commercial paper	14,985,600
Repurchase agreements	2,345,000
Money market mutual fund	32,007,711
Mutual funds – equity	59,559
Total	<u>\$689,734,532</u>

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

Credit Risk - The District does not have a formal policy with respect to credit risk. At June 30, 2010, credit risk for the District's investments were as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
State Treasurer's investment pool 7	Unrated	Not applicable	\$550,352,799
County Treasurer's investment pool	Unrated	Not applicable	7,358,653
U.S. agency securities	Aaa	Moody's, S&P, Fitch	82,625,210
Commercial paper	P-1	Moody's, S&P, Fitch	14,985,600
Repurchase agreements	Aaa	Moody's, S&P, Fitch	2,345,000
Money market mutual fund	Aaa	Moody's	32,007,711
Total			<u>\$689,674,973</u>

Concentration of Credit Risk - The District does not have a formal policy with respect to concentration of credit risk. The District had investments at June 30, 2010 of 5 percent or more in Federal Home Loan Mortgage Corp. These investments were 6 percent of the District's total investments.

Interest Rate Risk - The District's policy states maturities shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. At June 30, 2010, the District had the following investments in debt securities:

NOTE 2 - Deposits and Investments (continued)

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (Months)</u>
State Treasurer's investment pool 7	\$550,352,799	0.92
County Treasurer's investment pool	7,358,653	20.20
U.S. agency securities	82,625,210	3.28
Commercial paper	14,985,600	1.57
Repurchase agreements	2,345,000	0.03
Money market mutual fund	32,007,711	1.27
Total	<u>\$689,674,973</u>	

The District's portfolio weighted average maturity is 1.44 months.

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

Cash, deposits and investments:		Statement of net assets:	
Cash on hand	\$ 221,350	Cash and cash equivalents	\$351,798,691
Deposits	21,649,728	Investments	43,412,738
Investments	689,734,532	Restricted assets:	
		Cash and cash equivalents	272,452,168
		Investments	43,942,013
Total	<u>\$711,605,610</u>	Total	<u>\$711,605,610</u>

NOTE 3 - Current Receivables

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

Property taxes (net of allowance of \$3,184,614)	\$ 12,098,269
Government grants	19,882,392
Private grants and contracts (net of allowance of \$177,186)	4,263,754
Student accounts (net of allowance of \$7,038,490)	7,252,769
Other (net of allowance of \$82,610)	1,806,618
Total current receivables	<u>\$ 45,303,802</u>

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

NOTE 4 - Capital Assets

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

	<u>Balance</u> <u>July 1, 2009*</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2010</u>
Capital assets not being depreciated:				
Land	\$ 56,050,716	\$ 6,567,471	\$ -	\$ 62,618,187
Construction in progress	142,590,415	62,466,212	161,772,122	43,284,505
Total capital assets not being depreciated	<u>198,641,131</u>	<u>69,033,683</u>	<u>161,772,122</u>	<u>105,902,692</u>
Capital assets being depreciated:				
Buildings	558,527,463	114,112,255	608,001	672,031,717
Equipment	95,112,463	24,832,002	4,455,614	115,488,851
Intangibles (software)	13,038,872	62,481	-	13,101,353
Improvements other than buildings	74,654,075	29,785,504	1,775	104,437,804
Library books	12,909,833	961,933	402,328	13,469,438
Total capital assets being depreciated	<u>754,242,706</u>	<u>169,754,175</u>	<u>5,467,718</u>	<u>918,529,163</u>
Less accumulated depreciation for:				
Buildings	215,078,327	19,768,441	608,001	234,238,767
Equipment	71,051,324	10,687,856	4,418,354	77,320,826
Intangibles (software)	4,169,753	338,935	-	4,508,688
Improvements other than buildings	31,974,826	5,013,917	1,775	36,986,968
Library books	8,815,606	520,873	-	9,336,479
Total accumulated depreciation	<u>331,089,836</u>	<u>36,330,022</u>	<u>5,028,130</u>	<u>362,391,728</u>
Total capital assets being depreciated, net	<u>423,152,870</u>	<u>133,424,153</u>	<u>439,588</u>	<u>556,137,435</u>
Capital assets, net	<u>\$ 621,794,001</u>	<u>\$ 202,457,836</u>	<u>\$ 162,211,710</u>	<u>\$ 662,040,127</u>

The District has active construction projects with a remaining contractual commitment at June 30, 2010 of \$46,960,189. These projects will be funded primarily through bond proceeds.

* The July 1, 2009 equipment balances consisting of software were separately identified as intangible assets.

NOTE 5 - Long-term Liabilities

The following schedule details the long-term liability activity for the year ended June 30, 2010.

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Due within one year
Bonds payable:					
General obligation bonds	\$ 727,390,000	\$ 31,280,000	\$ 105,630,000	\$ 653,040,000	\$ 65,110,000
Revenue bonds	15,905,000	-	1,905,000	14,000,000	1,415,000
Premium on general obligation bonds	9,746,325	588,256	1,777,631	8,556,950	1,777,631
Premium on revenue bonds	243,238	-	18,285	224,953	18,285
Deferred charges on refunding	(2,562,945)	(339,633)	(1,039,485)	(1,863,093)	(1,039,485)
Capital leases	135,516	-	20,303	115,213	21,166
Rebatable arbitrage earnings	1,134,478	-	1,134,478	-	-
Compensated absences	28,747,927	2,158,679	1,649,376	29,257,230	1,755,434
Total long-term liabilities	<u>\$ 780,739,539</u>	<u>\$ 33,687,302</u>	<u>\$ 111,095,588</u>	<u>\$ 703,331,253</u>	<u>\$ 69,058,031</u>

Bonds Payable

The District's bonded debt consists of various issues of general obligation and revenue bonds. Bond proceeds primarily pay for improving, acquiring or constructing capital assets. Bonds have also been issued to advance refund previously issued bonds. Of the total general obligation bonds originally authorized in 1994 and 2004, \$301,093,000 remain unissued. Federal arbitrage regulations are applicable to all of the District's bond issues. Interest payments are due on a semi-annual basis. Bonds outstanding at June 30, 2010 were as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
General obligation bonds				
Project of 1994, Series C (1999)	\$104,250,000	7/01/2010	4.13%	\$ 1,065,000
Refunding, Series A&B (2002)	48,605,000	7/01/2010-11	5.00-5.25%	28,035,000
Refunding, Series A&B (2004)	66,610,000	7/01/2010-13	3.00-5.00%	60,865,000
Project of 2004, Series A (2005)	190,270,000	7/01/2010-19	4.00-4.50%	126,795,000
Project of 2004, Series B (2007)	240,000,000	7/01/2010-21	3.00-4.50%	185,000,000
Project of 2004, Series C (2009)	220,000,000	7/01/2010-23	3.00-5.00%	220,000,000
Refunding 1994, Series C (2010)	31,280,000	7/01/2010-15	0.50-3.00%	31,280,000
Revenue bonds				
Revenue Bonds, Series 1998	6,000,000	7/15/2010	4.70%	645,000
Revenue Bonds, Series 2002	14,480,000	7/15/2010-22	3.65-4.63%	6,585,000
Revenue Bonds, Series 2003	7,655,000	7/15/2010-23	3.25-5.00%	6,770,000
			Total	<u>\$ 667,040,000</u>

NOTE 5 - Long-term Liabilities (continued)

The following schedule details debt service requirements to maturity for the District's bonds payable at June 30, 2010.

Year Ending June 30:	General Obligation Bonds		Revenue Bonds		Total Debt Service Requirements
	Principal	Interest	Principal	Interest	
2011	\$ 65,110,000	\$ 24,990,955	\$ 1,415,000	\$ 580,081	\$ 92,096,036
2012	66,680,000	22,468,320	795,000	533,980	90,477,300
2013	53,255,000	19,721,201	830,000	501,418	74,307,619
2014	53,350,000	17,559,701	855,000	468,496	72,233,197
2015	51,045,000	15,680,301	885,000	435,049	68,045,350
2016-2020	244,795,000	47,964,217	5,010,000	1,588,330	299,357,547
2021-2025	118,805,000	6,598,900	4,210,000	373,176	129,987,076
Total	\$ 653,040,000	\$ 154,983,595	\$ 14,000,000	\$ 4,480,530	\$ 826,504,125

Description of Issues

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

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

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

In July 2002, the District issued \$48,605,000 of general obligation bonds to advance refund \$11,020,000 of General Obligation (G.O.) Bonds, Series A (1995) and \$37,585,000 of Series B (1997). The District defeased these bonds by placing the proceeds of the new bonds in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. In accordance with the refunding plan, the trustee retired the remaining liability for the defeased bonds of \$37,585,000 on July 1, 2006. This issue of refunding bonds is not subject to early redemption.

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

In February 2004, the District issued \$66,610,000 of general obligation refunding bonds to advance refund \$3,235,000 of G.O. Bonds, Series A (1995) and \$63,375,000 of Series B (1997). The net proceeds were used to purchase U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide debt service on the old bonds. In accordance with the refunding plan, the trustee retired the remaining liability for the defeased bonds of \$63,375,000 on July 1, 2006. This issue of refunding bonds is not subject to early redemption.

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

On April 15, 2010, the District issued \$31,280,000 of general obligation refunding bonds with an average interest rate of 2.05 percent to refund \$31,280,000 of G.O. Bonds, Series C (1999) with

NOTE 5 - Long-term Liabilities (continued)

an average interest rate of 3.43 percent. The General Obligation Refunding Bonds of 2010 are not subject to early redemption prior to their stated maturity dates. The net proceeds were placed in the Depository Trust Fund to be used to refund the bonds being refunded on April 22, 2010. As a result, the refunded debt liability as of June 30, 2010 for those refunded bonds of \$31,280,000 is considered to be defeased and the liability for those bonds is not included in the financial statements. The District in effect reduced its aggregate debt service payments by \$1.65 million over the next six years and obtained an economic gain (difference between the present values of the old and new debt service payments discounted at the effective interest rate) of \$1.55 million.

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

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

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

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

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

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

Revenue Bonds, Series 1998

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

Revenue Bonds, Series 2002

In October 2002, the District issued \$14,480,000 of revenue bonds of which, \$6,500,000 was used to construct, furnish, and equip a performing arts center and approximately \$8,000,000 was used to acquire a new Student Information System. Bonds maturing on or before July 15, 2012 are noncallable. Bonds maturing on or after July 15, 2013 are subject to early redemption.

NOTE 5 - Long-term Liabilities (continued)

Revenue Bonds, Series 2003

In October 2003, the District issued \$7,655,000 of revenue bonds to design, construct, furnish and purchase equipment for a Performing Arts Center located at the Paradise Valley Community College campus. Bonds maturing on or before July 15, 2013 are noncallable. Bonds maturing on or after July 15, 2014 are subject to early redemption.

NOTE 6 – Pledges of Future Revenues

The District has pledged, as security for its revenue bonds, a portion of the District’s tuition revenue that is restricted for educational purposes. The revenue bonds, issued by the District in 1998, 2002, and 2003 in the amount of \$28,135,000 to provide financing for various capital projects, are payable through fiscal year 2024. The District has committed to designate each year, from the tuition revenue, amounts sufficient to cover the principal and interest requirements on the District’s debt. The total principal and interest remaining on the debt is \$18,480,530 with annual requirements ranging from \$1,995,081 in fiscal year 2011 to \$656,000 in fiscal year 2024, the final year. Tuition revenue, from which the designations will be made, has averaged approximately \$135,000,000 over the prior five fiscal years. For the current year, principal and interest paid by the District and the total tuition revenue recognized by the District were \$2,554,415 and \$159,375,315, respectively.

NOTE 7 - Operating Expenses

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

Salaries and benefits	\$ 477,348,252
Financial aid	97,299,589
Contract services	48,031,195
Depreciation	36,330,022
Noncapitalized equipment	29,294,184
Communications, utilities, and travel	21,258,432
Supplies and materials	19,699,664
Subscriptions, dues, insurance, and rentals	9,420,807
Other expenses	8,380,095
Total operating expenses	<u><u>\$ 747,062,240</u></u>

NOTE 8 – Pension and Other Postemployment Benefits

Plan Description - The District contributes to a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health care plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan, all of which are administered by the Arizona State Retirement System. The Arizona State Retirement System (through its Retirement Fund) provides retirement (i.e., pension), death, and survivor benefits; the Health Benefit Supplement Fund provides health insurance premium benefits (i.e., a monthly subsidy); and the Long-Term Disability Fund provides long-term disability benefits. Benefits are established by state statute. The System is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

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

Funding Policy - The Arizona State Legislature establishes and may amend active plan members' and the District's contribution rates. For the year ended June 30, 2010, active plan members were required by statute to contribute at the actuarially determined rate of 9.40 percent (9.00 percent retirement and 0.40 percent long-term disability) of the members' annual covered payroll and the District was required by statute to contribute at the actuarially determined rate of 9.40 percent (8.34 percent for retirement, 0.66 percent for health insurance premium, and 0.40 percent long-term disability) of the members' annual covered payroll.

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

	<u>Retirement Fund</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
Years ended June 30,			
2010	\$ 26,226,626	\$ 2,075,489	\$ 1,250,439
2009	25,093,341	3,014,970	1,568,963
2008	24,032,139	3,134,627	1,492,679

NOTE 9 - Risk Management

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

The District finances uninsured risks of loss for certain health benefits to eligible employees and their dependents. The healthcare plan provides coverage for amounts up to \$300,000 per claim. The District purchases commercial insurance for claims in excess of this limit, and utilizes a consultant to determine the required annual funding based upon anticipated utilization, cost

NOTE 9 - Risk Management (continued)

trends, and benefit levels. An independent administrator provides claim and recordkeeping services. The District self-insures workers' compensation claims up to \$350,000 and purchases commercial insurance for claims exceeding \$350,000. Settled claims for workers' compensation and health benefits have not exceeded the District's commercial insurance coverage in any of the past three fiscal years.

The insurance claims payable liability of \$6,126,757 at June 30, 2010, includes the amounts payable for both health benefits and workers' compensation. It is the estimated cost of settling claims that have been reported but not settled and claims that have been incurred but not reported. This estimate is based on actuarial estimates. The District's claims payable for the fiscal years ended June 30, 2009 and June 30, 2010 are as follows:

	<u>2009</u>	<u>2010</u>
Claims payable, beginning of year	\$ 4,627,393	\$ 5,076,048
Current year actual and estimated claims	33,439,383	39,274,591
Less: Claim payments	<u>32,990,728</u>	<u>38,223,882</u>
Claims payable, end of year	<u>\$ 5,076,048</u>	<u>\$ 6,126,757</u>

NOTE 10 - Contingencies and Litigation

The District is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of business. A reasonable estimate of the probable losses, based on information currently available is \$729,500. This amount has been recognized as an expense and is included in accrued liabilities in the Statement of Net Assets. Other reasonably possible claims have been estimated to be \$187,500. Management and legal counsel will seek denial of the claims and believe that the loss, if any, resulting from these claims will not have a material impact on the District's financial position, results of operations, or cash flows in future years.

NOTE 11 - Subsequent Events

The District has discovered and disclosed to the State of Arizona Office of the Auditor General and the U.S. Department of Education that corrective action may be necessary in how financial aid disbursements have been processed at Rio Salado College for the past several years. At this time, the District has no estimate of the amount that may have been over or under awarded to our students. The District has entered into a contract for consulting services that will provide for the reconstruction of the financial aid files to determine if the awarding and disbursing of financial aid was appropriate. The result of these efforts will be presented to the State of Arizona Office of the Auditor General as well as the U.S. Department of Education.

NOTE 12 - Discretely Presented Component Unit Disclosures

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

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

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

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

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

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

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

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

and other factors concerning the receivable's collectability. Amortization of the discounts is included in support from contributions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

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

Investments - In accordance with FASB ASC 958-320, *Not-for-Profit Entities – Investments – Debt and Equity Securities*, the Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Realized and unrealized gains and losses are reflected in the change in net assets in the accompanying statement of activities.

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

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

NOTE 12 b - Investments

Investments consist of the following:

U.S. government obligations	\$ 6,017,428
Corporate and other taxable bonds	6,505,082
Bonds	303,495
U.S. equities	4,545,341
U.S. equity mutual funds	830,201
International equities	2,487,128
REITS	390,743
Commodity equities	<u>338,878</u>
Total investments	<u>\$21,418,296</u>

NOTE 12 b - Investments (continued)

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividends	\$ 278,057	\$ 439,220	\$ -	\$ 717,277
Net realized and unrealized gains	826,986	636,480	-	1,463,466
Brokerage fees	<u>(21,877)</u>	<u>(53,350)</u>	<u>-</u>	<u>(75,227)</u>
Total	<u>\$ 1,083,166</u>	<u>\$ 1,022,350</u>	<u>\$ -</u>	<u>\$ 2,105,516</u>

NOTE 12 c - Restricted Net Assets

Temporarily restricted net assets are available primarily for scholarship awards.

Permanently restricted net assets are to provide a permanent endowment, with the investment income restricted primarily for scholarship awards (see Note 12f – Endowments).

NOTE 12 d - Contributed Services

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

NOTE 12 e – Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a common definition for fair value to be applied to U.S. generally accepted accounting principles requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements. The Foundation adopted FASB ASC 820-10 for assets and liabilities subject to fair value measurement on a recurring and non-recurring basis. FASB ASC 820 also establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values by requiring that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities.
- Level 2 – Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

NOTE 12 e – Fair Value Measurements (continued)

Level 3 – Unobservable inputs for the asset or liability.

The following table summarizes the valuation of the Foundation's assets and liabilities subject to measurements at fair value by the above FASB ASC 820 categories as of June 30, 2010.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. government obligations	\$ 6,017,428	\$ -	\$ -	\$ 6,017,428
Corporate and other taxable bonds	6,505,082	-	-	6,505,082
Bonds	303,495	-	-	303,495
U.S. equities	4,545,341	-	-	4,545,341
U.S. equity mutual funds	830,201	-	-	830,201
International equities	2,487,128	-	-	2,487,128
REITS	390,743	-	-	390,743
Commodity equities	338,878	-	-	338,878
Beneficial interest in charitable remainder unitrust	-	-	58,477	58,477
Investments held for other liability	-	(1,056,081)	-	(1,056,081)
	<u>\$ 21,418,296</u>	<u>\$ (1,056,081)</u>	<u>\$ 58,477</u>	<u>\$ 20,420,692</u>

There was no change in the fair value measurements that use level 3 inputs from 2009 to 2010. The Foundation currently has no other assets or liabilities subject to fair value measurement other than at initial recognition.

NOTE 12 f – Endowments

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

In September 2008, the State of Arizona enacted A.R.S. §10-11801 et seq Investments for Eleemosynary Purposes (IFEP). The Board of Directors of the Foundation has interpreted IFEP as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The

NOTE 12 f – Endowments (continued)

remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by IFEP. In accordance with IFEP, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

The Foundation had been previously operating under an enacted version of the Uniform Management of Institutional Funds Act. Consistent with FSP FAS 117-1 (which has been incorporated into FASB ASC 958-205), the change in law prompted a change in the net asset classification of the Foundation's endowments as of the beginning of 2009, which does not include pledges receivable that are outstanding.

The changes in endowment net assets for the year ended June 30, 2010 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2009	\$ (808,949)	\$ 1,036,828	\$ 13,070,220	\$ 13,298,099
Contributions and pledge collections	-	-	668,965	668,965
Investment return:				
Interest and dividends	-	439,220	-	439,220
Realized and unrealized gains	544,427	583,130	-	1,127,557
Appropriation of endowment assets for expenditure	-	(534,768)	-	(534,768)
Reclassification of donor intent	-	340,186	-	340,186
Endowment net assets, June 30, 2010	<u>\$ (264,522)</u>	<u>\$ 1,864,596</u>	<u>\$ 13,739,185</u>	<u>\$ 15,339,259</u>

NOTE 12 f – Endowments (continued)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or IFEP requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$264,522 as of June 30, 2010. These deficiencies resulted from unfavorable market fluctuations.

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

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

The Foundation's policy is to distribute, for the stated purpose of each fund, 5% of a three-year average of the market value of each endowed fund that is above the original contributed amount as calculated at the end of each year. For funds that are below the original contributed amount, 3% of the three-year average at the end of the year will be eligible for disbursement. Actual investment earnings, in excess of (or less than) distribution, are added to (subtracted from) the endowment principal and available for future disbursement. If these amounts are not fully disbursed within a one-year period, the remaining amounts are transferred back to the endowment funds. For the year ended June 30, 2010, earnings of \$570,415 were eligible to be distributed. For the year ended June 30, 2010, \$388,539 was distributed and is included in appropriation of endowment assets for expenditure above. The unused funds of \$181,876 were transferred back to the endowment funds to be used for future disbursement.



MARICOPA
COMMUNITY
COLLEGES

Supplemental Information

Maricopa County Community College District
Schedule of Revenues, Expenses, and Changes in Net Assets
By College/Center
For the Year Ended June 30, 2010

	<u>Phoenix College</u>	<u>Glendale Community College</u>	<u>GateWay Community College</u>	<u>Mesa Community College</u>	<u>Scottsdale Community College</u>
Operating revenues:					
Tuition and fees, net of scholarship allowance	\$ 11,897,386	\$ 21,147,075	\$ 11,051,952	\$ 31,135,375	\$ 15,093,091
Other	871,130	607,865	1,002,465	1,431,935	1,657,063
Total operating revenues	<u>12,768,516</u>	<u>21,754,940</u>	<u>12,054,417</u>	<u>32,567,310</u>	<u>16,750,154</u>
Operating expenses:					
Educational and general:					
Instruction	24,979,906	42,315,495	17,033,569	54,359,113	26,857,868
Public service	534,455	548,254	439,760	997,234	243,529
Academic support	6,848,877	8,084,635	3,044,114	9,713,344	5,116,242
Student services	15,950,544	22,033,775	8,626,677	26,866,979	9,667,094
Institutional support	7,856,575	6,394,299	6,677,325	13,427,563	4,951,176
Operation and maintenance of plant	6,352,143	9,859,180	3,940,359	11,302,530	5,926,896
Scholarships	743,471	611,870	304,223	1,203,701	318,525
Auxiliary enterprises	3,310,021	3,688,073	10,054,111	5,796,367	3,714,789
Depreciation	2,496,416	4,945,073	2,142,618	4,454,032	4,086,359
Other	3,000	27	34,449	-	19,346
Total operating expenses	<u>69,075,408</u>	<u>98,480,681</u>	<u>52,297,205</u>	<u>128,120,863</u>	<u>60,901,824</u>
Operating loss	(56,306,892)	(76,725,741)	(40,242,788)	(95,553,553)	(44,151,670)
Nonoperating revenues (expenses):					
Property taxes	33,993,618	57,767,118	25,889,767	74,120,716	32,572,503
State appropriations	3,956,286	6,972,888	2,844,396	8,998,999	3,661,058
State-shared sales tax	22,281	-	73,143	-	-
Government grants and contracts	16,971,739	21,971,003	10,207,771	29,691,788	7,172,739
Private grants and contracts	164,585	384,202	585,306	374,490	126,921
Private gifts	1,188,485	895,595	503,042	1,885,932	593,032
Investment earnings, net of investment expense	7,833	144	41	82	24
Interest expense on debt	-	-	-	-	(5,759)
Gain (loss) on sale/disposal of capital assets	-	(18,000)	-	-	-
Total nonoperating revenues and expenses	<u>56,304,827</u>	<u>87,972,950</u>	<u>40,103,466</u>	<u>115,072,007</u>	<u>44,120,518</u>
Income (loss) before other revenues, expenses, gains, or losses	(2,065)	11,247,209	(139,322)	19,518,454	(31,152)
Capital grants and gifts	<u>2,065</u>	<u>30,702</u>	<u>139,322</u>	<u>32,185</u>	<u>31,152</u>
Increase in net assets	<u>-</u>	<u>11,277,911</u>	<u>-</u>	<u>19,550,639</u>	<u>-</u>

See accompanying notes to supplemental information.

<u>Rio Salado College</u>	<u>South Mountain Community College</u>	<u>Chandler/ Gilbert Community College</u>	<u>Paradise Valley Community College</u>	<u>Estrella Mountain Community College</u>	<u>District Support Services Center</u>	<u>Total Colleges/ Centers</u>
\$ 27,406,367	\$ 3,877,433	\$ 13,370,282	\$ 11,273,377	\$ 7,793,407	\$ 5,329,570	\$ 159,375,315
<u>1,539,764</u>	<u>544,882</u>	<u>420,518</u>	<u>573,189</u>	<u>354,695</u>	<u>5,870,732</u>	<u>14,874,238</u>
<u>28,946,131</u>	<u>4,422,315</u>	<u>13,790,800</u>	<u>11,846,566</u>	<u>8,148,102</u>	<u>11,200,302</u>	<u>174,249,553</u>
26,912,817	11,631,787	20,410,241	19,832,413	14,445,226	1,131,736	259,910,171
8,599,745	171,607	293,363	144,603	921,544	3,515,339	16,409,433
10,763,179	4,003,148	5,234,585	3,811,415	2,963,466	2,349,069	61,932,074
16,335,307	8,981,714	9,115,388	8,999,750	10,166,012	2,525,364	139,268,604
10,213,646	3,425,749	6,449,025	5,006,569	4,611,086	48,873,950	117,886,963
2,519,712	2,497,310	5,488,448	4,325,552	3,556,515	2,759,918	58,528,563
147,942	352,735	468,479	165,048	155,758	315,000	4,786,752
8,990,982	1,249,254	1,727,487	1,916,203	4,680,265	5,868,942	50,996,494
2,658,846	1,581,979	4,330,009	2,679,101	2,360,001	4,595,588	36,330,022
2,833	76,668	950	1,408	-	874,483	1,013,164
<u>87,145,009</u>	<u>33,971,951</u>	<u>53,517,975</u>	<u>46,882,062</u>	<u>43,859,873</u>	<u>72,809,389</u>	<u>747,062,240</u>
(58,198,878)	(29,549,636)	(39,727,175)	(35,035,496)	(35,711,771)	(61,609,087)	(572,812,687)
61,276,295	15,759,725	31,254,462	26,700,048	22,518,420	71,762,161	453,614,833
7,671,053	1,592,723	3,749,800	3,192,985	2,687,212	-	45,327,400
-	-	-	-	-	7,021,849	7,117,273
23,658,366	11,482,255	7,775,420	6,953,450	11,518,994	9,303,119	156,706,644
1,249,496	68,481	59,582	21,479	47,158	519,840	3,601,540
3,064,624	569,784	668,633	355,888	321,530	9,167	10,055,712
4,869	-	17	-	-	1,430,624	1,443,634
-	-	-	-	-	(26,303,362)	(26,309,121)
<u>(4,346)</u>	<u>-</u>	<u>(500)</u>	<u>-</u>	<u>-</u>	<u>15,003</u>	<u>(7,843)</u>
<u>96,920,357</u>	<u>29,472,968</u>	<u>43,507,414</u>	<u>37,223,850</u>	<u>37,093,314</u>	<u>63,758,401</u>	<u>651,550,072</u>
38,721,479	(76,668)	3,780,239	2,188,354	1,381,543	2,149,314	78,737,385
5,143	76,668	96,531	110,538	1,335	-	525,641
<u>38,726,622</u>	<u>-</u>	<u>3,876,770</u>	<u>2,298,892</u>	<u>1,382,878</u>	<u>2,149,314</u>	<u>79,263,026</u>
						580,789,630
						\$ <u>660,052,656</u>

Net assets - July 1, 2009

Total net assets - June 30, 2010

Maricopa County Community College District
Notes to Supplemental Information
For the Year Ended June 30, 2010

NOTE 1 - Statement of Purpose

The Maricopa County Community College District Statement of Revenues, Expenses, and Changes in Net Assets by College/Center for the Year Ended June 30, 2010, is required by the terms of a Memorandum of Understanding (MOU) between the Maricopa County Community College District (the District) and the Higher Learning Commission (HLC), a commission of the North Central Association of Colleges and Schools (NCA). The MOU outlines an appropriate pattern of evidence to be made available by the District for purposes of meeting certain NCA Criteria for Accreditation related to financial resources/uses and other assurances. This schedule presents revenues and expenses for each college/center within the District.

NOTE 2 - Basis of Allocation

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



Statistical Section

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

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Maricopa County Community College District
Schedule of Net Assets by Component
Last Nine Fiscal Years
(Dollars in Thousands)

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

	Fiscal Year			
	2004-05	2003-04	2002-03	2001-02
Invested in capital assets, net of related debt	\$ 102,171	\$ 123,051	\$ 104,498	\$ 93,610
Restricted – nonexpendable	1,002	893	871	223
Restricted – expendable	91,755	57,138	57,868	63,268
Unrestricted	119,194	107,089	104,126	103,772
Total net assets	\$ 314,122	\$ 288,171	\$ 267,363	\$ 260,873

Source: Comprehensive Annual Financial Reports for years presented.

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

* As restated.

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

	Fiscal Year				
	2009-10	2008-09	2007-08	2006-07	2005-06
Instruction	\$ 259,910	\$ 262,226	\$ 252,671	\$ 252,772	\$ 237,735
Public service	16,409	15,180	13,776	13,269	13,552
Academic support	61,932	63,594	60,482	58,273	54,342
Student services	139,269	79,002	66,436	62,432	62,467
Institutional support	117,887	112,944	107,202	102,096	91,872
Operation and maintenance of plant	58,529	53,450	49,394	42,245	37,664
Scholarships	4,787	3,184	3,531	3,147	2,901
Auxiliary enterprises	50,996	64,611	58,990	63,643	63,601
Depreciation	36,330	30,751	28,821	28,166	22,470
Other	1,013	948	601	585	602
Total operating expenses	<u>747,062</u>	<u>685,890</u>	<u>641,904</u>	<u>626,628</u>	<u>587,206</u>
Interest expense on debt	26,309	23,364	23,825	18,040	17,365
Loss on sale/disposal of capital assets	8	-	181	-	-
Total nonoperating expenses	<u>26,317</u>	<u>23,364</u>	<u>24,006</u>	<u>18,040</u>	<u>17,365</u>
Total expenses	<u>\$ 773,379</u>	<u>\$ 709,254</u>	<u>\$ 665,910</u>	<u>\$ 644,668</u>	<u>\$ 604,571</u>

	Fiscal Year			
	2004-05	2003-04	2002-03	2001-02
Instruction	\$ 216,254	\$ 201,072	\$ 187,296	\$ 175,597
Public service	14,729	13,465	13,907	12,163
Academic support	48,265	45,753	39,681	38,990
Student services	63,960	60,189	53,499	49,532
Institutional support	87,193	84,004	75,377	73,257
Operation and maintenance of plant	28,740	26,709	30,377	30,998
Scholarships	3,467	3,102	2,280	2,549
Auxiliary enterprises	59,790	54,795	44,912	45,083
Depreciation	25,047	21,193	24,236	21,498
Other	4,233	5,541	5,910	221
Total operating expenses	<u>551,678</u>	<u>515,823</u>	<u>477,475</u>	<u>449,888</u>
Interest expense on debt	13,709	12,618	14,421	15,317
Loss on sale/disposal of capital assets	326	-	198	-
Total nonoperating expenses	<u>14,035</u>	<u>12,618</u>	<u>14,619</u>	<u>15,317</u>
Total expenses	<u>\$ 565,713</u>	<u>\$ 528,441</u>	<u>\$ 492,094</u>	<u>\$ 465,205</u>

Source: Comprehensive Annual Financial Reports for years presented.

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

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

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

	Fiscal Year			
	2004-05	2003-04	2002-03	2001-02
Salaries and benefits	\$ 382,588	\$ 357,983	\$ 326,304	\$ 301,700
Contract services	44,639	39,951	38,071	37,511
Financial aid	41,981	38,714	33,634	29,829
Depreciation	25,047	21,192	24,236	21,498
Communications, utilities, and travel	18,505	17,213	17,131	16,747
Noncapitalized equipment	11,117	12,003	13,044	16,718
Supplies and materials	17,824	18,202	16,579	15,556
Subscriptions, dues, insurance, and rentals	7,225	6,964	6,473	6,320
Other expenses	2,752	3,601	2,003	4,009
Total operating expenses	<u>551,678</u>	<u>515,823</u>	<u>477,475</u>	<u>449,888</u>
Interest expense on debt	13,709	12,618	14,421	15,317
Loss on sale/disposal of capital assets	326	-	198	-
Total nonoperating expenses	<u>14,035</u>	<u>12,618</u>	<u>14,619</u>	<u>15,317</u>
Total expenses	<u>\$ 565,713</u>	<u>\$ 528,441</u>	<u>\$ 492,094</u>	<u>\$ 465,205</u>

Source: Comprehensive Annual Financial Reports for years presented.

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

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

	Fiscal Year				
	2009-10	2008-09	2007-08	2006-07	2005-06
Tuition and fees, net of scholarship allowance	\$ 159,375	\$ 151,219	\$ 141,086	\$ 141,232	\$ 127,543
Other	14,874	12,538	12,860	13,645	15,028
Total operating revenues	<u>174,249</u>	<u>163,757</u>	<u>153,946</u>	<u>154,877</u>	<u>142,571</u>
Property taxes	453,615	443,029	399,567	364,536	324,593
State appropriations	45,327	51,128	57,529	57,528	54,863
State-shared sales tax	7,117	7,233	8,946	10,255	8,436
Government grants and contracts	156,707	99,708	74,690	70,062	72,199
Private grants and contracts	3,602	3,842	3,749	4,566	4,052
Private gifts	10,056	13,726	13,272	12,386	9,962
Investment income, net of investment expense	1,444	8,194	23,089	21,267	16,947
Gain on sale/disposal of capital assets	-	474	-	69	207
Total nonoperating revenues	<u>677,868</u>	<u>627,334</u>	<u>580,842</u>	<u>540,669</u>	<u>491,259</u>
Total revenues	<u>\$ 852,117</u>	<u>\$ 791,091</u>	<u>\$ 734,788</u>	<u>\$ 695,546</u>	<u>\$ 633,830</u>

	Fiscal Year			
	2004-05	2003-04	2002-03	2001-02
Tuition and fees, net of scholarship allowance	\$ 116,027	\$ 102,641	\$ 91,855	\$ 85,149
Other	11,590	10,862	10,644	8,715
Total operating revenues	<u>127,617</u>	<u>113,503</u>	<u>102,499</u>	<u>93,864</u>
Property taxes	296,179	281,831	259,813	242,127
State appropriations	51,291	46,614	46,891	48,294
State-shared sales tax	7,712	5,926	5,208	4,436
Government grants and contracts	77,387	73,150	64,190	50,495
Private grants and contracts	3,202	3,435	3,136	3,051
Private gifts	10,504	10,595	9,887	8,569
Investment income, net of investment expense	7,127	3,710	(1,627)	8,996
Gain on sale/disposal of capital assets	-	26	-	92
Total nonoperating revenues	<u>453,402</u>	<u>425,287</u>	<u>387,498</u>	<u>366,060</u>
Total revenues	<u>\$ 581,019</u>	<u>\$ 538,790</u>	<u>\$ 489,997</u>	<u>\$ 459,924</u>

Source: Comprehensive Annual Financial Reports for years presented.

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

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

Maricopa County Community College District
Schedule of Other Changes in Net Assets
Last Nine Fiscal Years
(Dollars in Thousands)

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

	Fiscal Year			
	2004-05	2003-04	2002-03	2001-02
Income (loss) before other changes in net assets	\$ 15,307	\$ 10,349	\$ (2,098)	\$ (5,281)
Capital appropriations	10,372	8,310	8,310	8,238
Capital grants and gifts	272	2,149	279	694
Total change in net assets	<u>\$ 25,951</u>	<u>\$ 20,808</u>	<u>\$ 6,491</u>	<u>\$ 3,651</u>

Source: Comprehensive Annual Financial Reports for years presented.

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

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

Fiscal Year	Property Values Assessed			Total Direct Tax Rate	Total Secured and Unsecured Estimated Market Value	Total Secondary Assessed Value as a Percent of Total Market Value
	Secured	Unsecured	Total			
2000-01	\$ 19,813,298	\$ 1,064,418	\$ 20,877,716	\$ 1.1194	\$ 160,906,987	13.0 %
2001-02	21,748,902	1,164,233	22,913,135	1.1107	180,653,046	12.7
2002-03	23,303,140	1,153,907	24,457,047	1.1127	194,235,322	12.6
2003-04	26,405,899	1,072,089	27,477,988	1.0785	226,293,568	12.1
2004-05	28,811,532	1,255,455	30,066,987	1.0372	245,835,672	12.2
2005-06	31,886,842	1,310,376	33,197,218	1.0315	273,817,028	12.1
2006-07	34,922,001	1,372,693	36,294,694	1.0646	301,474,323	12.0
2007-08	48,136,309	1,398,265	49,534,574	0.9760	431,682,163	11.5
2008-09	56,831,715	1,471,920	58,303,635	0.9386	516,677,465	11.3
2009-10	56,523,957	1,460,095	57,984,052	0.8844	516,184,657	11.2

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

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

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

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

Fiscal Year	Maricopa County Community College District Direct Rate			Overlapping Rates					
	Primary Levy	Secondary Levy	Total	Maricopa County	Education Equalization	Central Arizona Water Conservation District	Other Special Districts	School Districts	Cities
2000-01	\$.9691	\$.1503	\$ 1.1194	\$ 1.57	\$.51	\$.13	\$ 0 - 3.33	\$.12 - 9.49	\$ 0 - 2.08
2001-02	.9583	.1524	1.1107	1.54	.50	.13	0 - 4.00	.11 - 9.76	0 - 2.24
2002-03	.9634	.1493	1.1127	1.54	.49	.13	0 - 5.10	.47 - 13.65	0 - 2.04
2003-04	.9410	.1375	1.0785	1.54	.47	.12	0 - 3.65	.77 - 11.81	0 - 2.67
2004-05	.9211	.1161	1.0372	1.47	.46	.12	1 - 3.86	1.09 - 14.35	0 - 2.41
2005-06	.8936	.1379	1.0315	1.46 (1)	.44	.12	0 - 3.86	1.02 - 14.33	0 - 2.43
2006-07	.8815	.1831	1.0646	1.43 (1)	.00	.12	0 - 3.86	.88 - 14.72	0 - 2.97
2007-08	.8246	.1514	0.9760	1.30 (1)	.00	.10	0 - 3.86	.94 - 8.76	0 - 2.67
2008-09	.7752	.1634	0.9386	1.20	.00	.10	0 - 3.30	.69 - 12.72	0 - 2.30
2009-10	.7246	.1598	0.8844	1.16	.33	.10	0 - 3.30	.78 - 10.84	0 - 2.51

Source: District records and Maricopa County Department of Finance.

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

(1) Data updated in fiscal year 2009.

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

Taxpayer	Fiscal Year 2009-10			Fiscal Year 2000-01		
	2009-2010 Secondary Assessed Value	Rank	Percentage of 2009-2010 Secondary Assessed Value	2000-2001 Secondary Assessed Value	Rank	Percentage of 2000-2001 Secondary Assessed Value
Arizona Public Service	\$ 1,089,988,626	1	1.88 %	\$ 720,608,633	1	3.45 %
Qwest/US West	311,769,857	2	0.54	355,229,512	2	1.70
Southwest Gas Corporation	170,921,067	3	0.29	114,499,611	6	0.55
Southern California Edison Company	156,780,381	4	0.27	198,832,369	3	0.95
El Paso Electric Co.	136,607,847	5	0.24	166,635,314	4	0.80
Gila River Power, LP	121,851,840	6	0.21	*		
Mesquite Power LLC	104,500,001	7	0.18	*		
Wal-Mart Stores Inc.	95,548,796	8	0.16	*		
Target Corporation	88,176,064	9	0.15	*		
Public Service Company of New Mexico	79,241,237	10	0.14	95,096,315	7	0.46
Motorola GEG SPS Computer Group, Inc.	*			159,368,511	5	0.76
AT&T/Wireless Services	*			86,706,755	8	0.42
Intel Corporation	*			76,261,081	9	0.37
Southern California Public Power Authority	*			73,192,763	10	0.35
Total Principal Taxpayers	<u>\$ 2,355,385,716</u>		<u>4.06 %</u>	<u>\$ 2,046,430,864</u>		<u>9.81 %</u>
Countywide Secondary Valuation	\$57,984,051,718			\$20,877,715,546		

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

Source: Maricopa County Treasurer's Office.

Note: Salt River Project, a local utility, pays an in-lieu tax based on an estimated assessed valuation. The net assessed valuation for tax year 2009 is \$642,894,514.

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

Fiscal Year	for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Total Collections to Date		
				Amount	Percentage of Original Levy	Collections in Subsequent Years	Amount	Percentage of Adjusted Levy
2001-02	\$ 202,681,121	\$ (1,801,409)	\$ 200,879,712	\$ 196,163,488	96.78 %	\$ 4,562,561	\$200,726,049	99.92 %
2002-03	220,138,194	(1,868,078)	218,270,116	213,978,155	97.20	3,982,328	217,960,483	99.86
2003-04	239,708,940	(2,148,364)	237,560,576	232,995,411	97.20	4,343,748	237,339,159	99.91
2004-05	258,792,496	(2,926,178)	255,866,318	251,769,652	97.29	3,948,140	255,717,792	99.94
2005-06	277,063,231	(3,179,525)	273,883,706	268,737,564	97.00	4,985,827	273,723,391	99.94
2006-07	298,843,188	(3,232,152)	295,611,036	289,283,824	96.80	6,155,288	295,439,112	99.94
2007-08	322,620,948	(2,515,773)	320,105,175	311,374,459	96.51	8,493,976	319,868,435	99.93
2008-09	348,288,338	(2,170,175)	346,118,163	334,032,370	95.91	11,385,504	345,417,874	99.80
2009-10	360,956,407	(2,301,575)	358,654,832	345,601,360	95.75	-	345,601,360	96.36

Sources: Maricopa County Treasurer and District records.

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

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

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

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

District Historic Tuition and Fees

Fiscal Year	Per Credit Hour			Annual Cost Per Full-time Student	Increase	
	General Tuition	Fees	Combined Total		Dollars	Percent
2000-01	\$ 28.50	\$ 12.50	\$ 41.00	\$ 1,230.00	\$ 30.00	2.50 %
2001-02	30.50	12.50	43.00	1,290.00	60.00	4.88
2002-03	33.50	12.50	46.00	1,380.00	90.00	6.98
2003-04	38.50	12.50	51.00	1,530.00	150.00	10.87
2004-05	53.50	1.50	55.00	1,650.00	120.00	7.84
2005-06	58.50	1.50	60.00	1,800.00	150.00	9.09
2006-07	63.50	1.50	65.00	1,950.00	150.00	8.33
2007-08	63.50	1.50	65.00	1,950.00	0.00	-
2008-09	69.00	2.00	71.00	2,130.00	180.00	9.23
2009-10	69.00	2.00	71.00	2,130.00	0.00	-

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

Fiscal Year	Maricopa District		National Community College Average (1)		Arizona Universities Average (3)	
	Annual Cost	Percent Change	Annual Cost	Percent Change	Annual Cost	Percent Change
2000-01	\$ 1,230.00	2.50 %	\$ 1,333.00	(0.37) %	\$ 2,344.00	3.76 %
2001-02	1,290.00	4.88	1,380.00	3.53	2,486.00	6.06
2002-03	1,380.00	6.98	1,483.00	7.46	2,583.00	3.90
2003-04	1,530.00	10.87	1,702.00	14.77	3,593.00	39.10
2004-05	1,650.00	7.84	1,849.00	8.64	4,074.00	13.39
2005-06	1,800.00	9.09	1,935.00	4.65	4,428.00	8.69
2006-07	1,950.00	8.33	2,018.00	4.29	4,662.00	5.28
2007-08	1,950.00	-	2,061.00	2.13	4,949.00	6.16
2008-09	2,130.00	9.23	2,137.00	3.69	5,545.00	12.04
2009-10	2,130.00	-	2,544.00 (2)	19.05 (2)	6,374.00	14.95

Source: District records.

Note 1: U.S. Department of Education, National Center for Education Statistics, 2007-08 and 2008-09 Integrated Postsecondary Education Data System (IPEDS).

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

Note 3: Arizona Board of Regents, Tuition History.

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

	For the Fiscal Year Ended June 30				
	2010	2009	2008	2007	2006
General Bonded Debt					
General obligation bonds	\$ 653,040	\$ 727,390	\$ 557,390	\$ 609,320	\$ 399,805
Per capita	\$ 162.31	\$ 182.40	\$ 142.65	\$ 160.66	\$ 109.58
Per student	\$ 2,682.55	\$ 3,147.51	\$ 2,432.59	\$ 2,598.11	\$ 1,677.33
Per FTSE	\$ 8,356.34	\$ 10,376.61	\$ 8,190.29	\$ 8,759.44	\$ 5,709.46
Other Debt					
Revenue bonds	\$ 14,000	\$ 15,905	\$ 18,300	\$ 20,605	\$ 23,360
Capital lease obligations	115	136	211	419	556
Total outstanding debt	<u>\$ 667,155</u>	<u>\$ 743,431</u>	<u>\$ 575,901</u>	<u>\$ 630,344</u>	<u>\$ 423,721</u>
Per capita	\$ 165.82	\$ 186.42	\$ 147.38	\$ 166.20	\$ 116.13
Per student	\$ 2,740.53	\$ 3,216.92	\$ 2,513.38	\$ 2,687.76	\$ 1,777.67
Per FTSE	\$ 8,536.96	\$ 10,605.44	\$ 8,462.29	\$ 9,061.68	\$ 6,051.00

	For the Fiscal Year Ended June 30				
	2005	2004	2003	2002	2001
General Bonded Debt					
General obligation bonds	\$ 424,710	\$ 261,015	\$ 284,815	\$ 305,750	\$ 322,535
Per capita	\$ 120.51	\$ 74.61	\$ 84.05	\$ 92.84	\$ 100.92
Per student	\$ 1,774.70	\$ 1,101.69	\$ 1,220.62	\$ 1,364.84	\$ 1,496.65
Per FTSE	\$ 5,949.40	\$ 3,804.22	\$ 4,393.53	\$ 5,114.67	\$ 5,715.26
Other Debt					
Revenue bonds	\$ 25,975	\$ 29,005	\$ 24,600	\$ 12,295	\$ 14,375
Capital lease obligations	692	335	67	155	135
Total outstanding debt	<u>\$ 451,377</u>	<u>\$ 290,355</u>	<u>\$ 309,482</u>	<u>\$ 318,200</u>	<u>\$ 337,045</u>
Per capita	\$ 128.08	\$ 82.99	\$ 91.33	\$ 96.62	\$ 105.46
Per student	\$ 1,886.13	\$ 1,225.52	\$ 1,326.33	\$ 1,420.42	\$ 1,563.98
Per FTSE	\$ 6,322.96	\$ 4,231.84	\$ 4,774.04	\$ 5,322.94	\$ 5,972.37

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

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

<u>Fiscal Year</u>	<u>Gross Revenues</u>	<u>Debt Service Requirements</u>			<u>Coverage Ratio</u>
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2000-01	\$ 44,346,859	\$ 2,080,000	\$ 699,732	\$ 2,779,732	16.0
2001-02	45,973,895	2,175,000	538,586	2,713,586	16.9
2002-03	49,802,554	3,250,000	952,916	4,202,916	11.8
2003-04	58,563,224	3,030,000	1,145,310	4,175,310	14.0
2004-05	61,263,265	2,615,000	1,017,282	3,632,282	16.9
2005-06	65,315,322	2,755,000	899,566	3,654,566	17.9
2006-07	65,855,635	2,305,000	806,652	3,111,652	21.2
2007-08	66,130,509	2,395,000	728,534	3,123,534	21.2
2008-09	65,541,384	1,905,000	649,415	2,554,415	25.7
2009-10	46,312,647 (1)	1,415,000	580,081	1,995,081	23.2

Source: District records.

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

(1) Gross revenues relate to activity in the Auxiliary Fund. A portion of the activity recorded in the Auxiliary Fund in fiscal year 2008-09 was recorded in the General Fund in fiscal year 2009-10.

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

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

	Fiscal Year				
	2004-05	2003-04	2002-03	2001-02	2000-01
Debt Limit	\$ 4,510,048,001	\$ 4,121,698,129	\$ 3,668,557,092	\$ 3,436,970,172	\$ 3,131,657,332
Total net debt applicable to limit	<u>399,805,000</u>	<u>234,440,000</u>	<u>261,015,000</u>	<u>284,815,000</u>	<u>305,750,000</u>
Legal debt margin	<u>\$ 4,110,243,001</u>	<u>\$ 3,887,258,129</u>	<u>\$ 3,407,542,092</u>	<u>\$ 3,152,155,172</u>	<u>\$ 2,825,907,332</u>
Total net debt applicable to the limit as a percentage of debt limit	8.86%	5.69%	7.11%	8.29%	9.76%

Legal Debt Margin Calculation for Fiscal Year 2009-10

Secondary Assessed Value of Real and Personal Property	\$ 57,984,051,718
Debt Limit, 15% of Secondary Assessed Value	<u>8,697,607,758</u>
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonded Debt	653,040,000
Amount Available for Debt Repayment	<u>(65,110,000)</u>
Total Debt Applicable to Debt Limit	<u>587,930,000</u>
Legal Debt Margin	<u>\$ 8,109,677,758</u>

Note: The Arizona Constitution, Article 9, Section 8, states that a county or school district may become indebted for an amount not to exceed fifteen percent of taxable property. For fiscal year 2009-10, the District was at 1.01%.

(1) Data corrected in fiscal year 2010.

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

<u>Year</u>	<u>County Population</u>	<u>County Personal Income (In Thousands)</u>	<u>County Income per Capita</u>	<u>Phoenix Metro Area Unemployment Rate – June</u>
2001	3,198,064	\$ 93,544,549	29,238	4.0 %
2002	3,296,739	96,998,974	29,422	5.9
2003	3,389,229	101,378,940	29,933	5.6
2004	3,498,347	110,857,870	31,715	4.7
2005	3,638,481	122,682,746	33,739	4.2
2006	3,648,545	134,339,487	35,667	3.9
2007	3,792,675	139,665,253	36,135	3.3
2008	3,907,492	Not Available (1)	Not Available (1)	5.2
2009	3,987,942	Not Available (1)	Not Available (1)	9.0
2010	4,023,331	Not Available (1)	Not Available (1)	9.0

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

All information given for Maricopa County unless otherwise indicated.

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

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

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

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

<u>Employer</u>	<u>Fiscal Year 2009-10</u>			<u>Fiscal Year 2000-01</u>		
	<u>Number of Full-Time Equivalent Employees in Arizona</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Number of Full-Time Equivalent Employees in Arizona</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
State of Arizona	52,420	1	2.88 %	59,348	1	3.75 %
Wal-Mart Stores, Inc.	31,280	2	1.72	13,800	6	0.87
Banner Health System	27,431	3	1.50	13,973	4	0.88
City of Phoenix	16,375	4	0.90	12,917	7	0.82
Wells Fargo & Company	14,000	5	0.77	*		
Maricopa County	12,996	6	0.71	13,860	5	0.87
Apollo Group, Inc.	12,299	7	0.67	*		
Arizona State University	12,043	8	0.66	*		
Raytheon Co.	11,500	9	0.63	9,700	10	0.61
Honeywell Aerospace	10,145	10	0.56	17,500	2	1.10
Motorola	*			15,500	3	0.98
The Kroger Co.	*			9,837	8	0.62
U.S. Postal Service	*			9,756	9	0.62
Total Principal Employers	200,489		11.00 %	176,191		11.12 %
Total Employment in Maricopa County as of June 30	1,822,903			1,584,071		

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

Source: The Business Journal, Book of Lists.

Arizona Workforce Informer at www.workforce.az.gov for total employment in Maricopa County.

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

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

	For the Fiscal Year Ended June 30				
	2005	2004	2003	2002	2001
Faculty					
Part-time	4,886	4,487	3,142	3,414	3,648
Full-time	1,307	1,275	1,237	1,203	1,159
Administrative & support staff	2,861	2,763	2,678	2,560	2,365
Total employees	9,054	8,525	7,057	7,177	7,172
Students per faculty member	39	41	53	49	45
Students per staff member	84	86	87	88	91
Average class size	19	18	18	17	17

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

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

Historic Headcount

<u>College/Center</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>
Phoenix	20,247	18,874	18,709	20,275	20,927	20,872	22,480	22,296	22,289	21,463
Glendale	32,378	29,840	29,936	30,767	32,201	33,694	34,360	33,888	33,259	33,174
GateWay	14,159	13,549	14,350	15,633	16,063	15,947	15,918	16,251	15,954	17,117
Mesa	41,759	39,605	39,860	41,594	43,371	45,098	43,931	41,941	39,869	38,542
Scottsdale	17,492	17,343	17,618	17,866	18,719	19,000	19,639	20,028	19,380	18,095
Rio Salado	52,634	50,784	49,806	48,761	46,806	44,203	41,280	38,419	36,097	34,198
South Mountain	9,490	8,905	7,799	7,212	7,534	7,308	7,200	6,587	6,163	5,764
Chandler-Gilbert	16,388	15,696	15,101	14,033	13,240	12,707	12,416	12,179	10,712	10,038
Paradise Valley	15,673	14,633	14,159	14,006	13,958	13,640	13,004	12,480	12,687	11,600
Estrella Mountain	11,636	10,551	10,026	9,938	9,886	9,705	9,040	8,922	8,291	7,441
Skill Centers	2,471	2,097	1,527	1,815	1,757	1,791	3,019	2,599	2,917	2,197
Adult Basic Education	9,113	9,223	10,243	12,624	13,896	15,349	14,636	17,747	16,401	15,875
Total	243,440	231,100	229,134	234,524	238,358	239,314	236,923	233,337	224,019	215,504

Historic FTSE

<u>College/Center</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>
Phoenix	6,821	5,911	5,848	6,253	6,546	6,847	6,908	6,761	6,297	6,015
Glendale	11,959	10,428	10,023	10,248	10,566	11,242	11,017	10,681	9,760	9,685
GateWay	3,823	3,661	3,677	3,805	3,847	3,728	3,703	3,441	3,046	2,881
Mesa	15,501	13,792	13,653	14,432	14,999	15,804	15,116	14,410	13,375	12,510
Scottsdale	6,312	5,896	5,949	5,926	6,006	6,359	6,396	6,210	5,784	5,316
Rio Salado	12,220	11,937	12,230	12,127	11,620	10,949	9,939	8,771	8,201	8,176
South Mountain	2,746	2,251	2,086	2,052	2,067	2,094	2,014	1,838	1,633	1,515
Chandler-Gilbert	6,465	5,677	5,326	4,803	4,501	4,432	4,230	3,849	3,358	2,927
Paradise Valley	5,505	4,826	4,368	4,451	4,378	4,288	3,970	3,724	3,448	3,275
Estrella Mountain	4,184	3,416	3,087	3,045	2,887	2,986	2,587	2,461	2,116	1,881
Skill Center	1,530	1,309	629	727	780	897	998	1,114	1,276	969
Adult Basic Education	1,083	995	1,179	1,692	1,828	1,761	1,734	1,566	1,485	1,284
Total	78,149	70,099	68,055	69,561	70,025	71,387	68,612	64,826	59,779	56,434

Degrees and Certificates Awarded

	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>
Associate of Arts	3,173	2,853	2,505	2,330	1,897	1,481	825	616	900	1,312
Associate of Applied Science	2,838	2,708	2,505	2,331	2,233	2,056	1,954	1,687	1,516	1,385
Associate of Business	526	408	336	293	244	179	139	99	53	35
Associate of General Studies	651	692	740	896	1,042	1,326	1,626	1,546	1,402	1,076
Associate in Science	418	395	307	292	237	169	66	44	28	15
Associate of Transfer Partnership	68	189	322	426	512	569	568	510	388	255
Academic Certificate	30	20	6	13	-	-	-	-	-	-
Certificates of Completion										
in Occupational Programs	5,768	7,166	7,814	8,123	11,107	9,330	8,647	7,390	7,283	10,172
Arizona General Education Certificate	4,312	3,762	2,833	4,650 (1)						

Source: District records.

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

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

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

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

Fiscal Year	Attendance		Enrollment Status			Residency		
	FT	PT	Continuing	New	Former	Resident	Out of County	Out of State
2000-01	21 %	79 %	42 %	42 %	16 %	93 %	2 %	5 %
2001-02	22	78	43	41	16	93	2	5
2002-03	23	77	45	40	15	93	2	5
2003-04	25	75	47	38	15	92	3	5
2004-05	25	75	47	38	15	92	3	5
2005-06	24	76	47	38	15	92	3	5
2006-07	24	76	46	39	15	92	3	5
2007-08	25	75	46	39	15	88	2	10
2008-09	25	75	41	42	17	88	2	10
2009-10	28	72	41	43	16	89	3	8

Fiscal Year	Gender		Ethnic Background						Median Age
	M	F	Native American	Asian	African American	Hispanic	Anglo	Other	
2000-01	44 %	56 %	3 %	4 %	4 %	17 %	62 %	10 %	24
2001-02	44	56	3	4	4	17	61	11	24
2002-03	44	56	3	4	5	17	60	11	24
2003-04	43	57	3	4	5	17	59	12	24
2004-05	43	57	3	3	5	18	59	12	23
2005-06	43	57	3	4	5	19	58	11	23
2006-07	42	58	3	4	5	20	58	10	23
2007-08	43	57	3	4	6	19	58	10	22
2008-09	43	57	3	4	6	20	58	9	22
2009-10	43	57	3	4	7	20	55	11	22

Source: District records.

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

<u>Location</u>	<u>Fiscal Year</u>				
	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
Phoenix					
Total Square Footage	609,814	609,814	595,300	575,500	575,500
Total Acreage	61.5	61.5	61.5	61.5	61.8
Glendale					
Total Square Footage	820,986	820,986	735,100	735,100	652,200
Total Acreage	314.0	314.0	314.0	314.0	223.0
GateWay					
Total Square Footage	373,426	373,426	373,200	373,200	373,200
Total Acreage	42.0	42.0	42.0	42.0	41.8
Mesa					
Total Square Footage	961,956	982,072	911,219	834,519	820,100
Total Acreage	248.3	248.8	248.3	243.3	243.0
Scottsdale					
Total Square Footage	559,058	562,058	511,900	510,600	505,300
Total Acreage	162.0	162.0	162.0	162.0	162.2
Rio Salado					
Total Square Footage	357,028	284,562	445,770	244,285	154,600
Total Acreage	19.0	15.0	15.0	15.0	10.0
South Mountain					
Total Square Footage	249,885	249,885	247,000	246,700	243,000
Total Acreage	148.8	148.8	148.8	148.8	99.9
Chandler-Gilbert					
Total Square Footage	562,434	504,988	450,000	446,000	439,200
Total Acreage	174.3	174.3	174.3	174.3	173.9
Paradise Valley					
Total Square Footage	420,566	420,566	371,900	371,900	21,900
Total Acreage	171.0	159.0	159.0	165.0	157.0
Estrella Mountain					
Total Square Footage	281,973	250,388	250,000	250,000	251,000
Total Acreage	216.0	216.0	216.0	216.0	216.1
District Services Support Center					
Total Square Footage	291,299	291,299	280,705	240,066	190,400
Total Acreage	9.8	9.8	9.8	7.6	5.7
Totals for District:					
Total Square Footage	5,488,425	5,350,044	5,172,094	4,827,870	4,226,400
Total Acreage	1,566.7	1,551.2	1,550.7	1,549.5	1,394.4

Notes: Information is displayed since the implementation of GASB 44 in FY 2005-06. Additional information for future years will be displayed as it becomes available.

Amounts for square footage are rounded to the nearest hundred.

Source: District Records.



MARICOPA
COMMUNITY
COLLEGES



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