

Maricopa County Community College District

Phoenix, Arizona

Chandler-Gilbert

Estrella Mountain

GateWay

Glendale

Mesa

Paradise Valley

Phoenix

Rio Salado

Scottsdale

South Mountain



Mesa Community College

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023





Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023

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

Prepared by
Division of Business Services



Maricopa County Community College District
Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2023

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Introductory Section

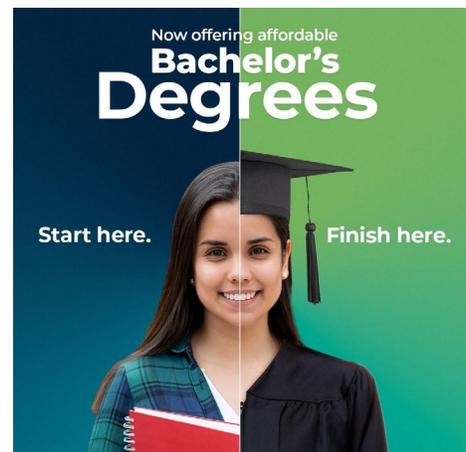
December 22, 2023

To the Citizens of Maricopa County:

I am pleased to submit the Annual Comprehensive Financial Report for the fiscal year ending on June 30, 2023. I invite you to read through the report, which reflects on the progress the Maricopa County Community College District (MCCCD) has made during the past year.

During the 2022-23 fiscal year, our system, with input from community stakeholders, faculty, staff, and administrators, completed MCCCD's newest systemwide Strategic Plan, *Excellence 2026*. *Excellence 2026*, along with our new mission, vision, and core values, will serve as the framework to guide our efforts and move Maricopa into a new era. The plan is built around four key priorities: student outreach and success; economic resources and sustainability; a collective identity; and organizational talent. As stewards of public funding, strategic funding models and diversified revenue streams play pivotal roles in our mission to provide accessible, high-quality education to all. As we continue our work to meet the strategic goals outlined in *Excellence 2026*, one key priority is providing recommendations for a new strategic funding model, which we expect to launch in fiscal year 2025.

As Arizona's first community college system to offer affordable, four-year baccalaureate degree programs, MCCCD has received overwhelming interest in the initial seven programs, so much so that many of the offerings are at or nearing capacity. In collaboration with faculty, staff, and executive leadership, our District Bachelor's Degree Team continues to develop programs targeted to fill labor needs and help alleviate Arizona's workforce shortages in high-demand industries. The global pandemic accentuated the growing cracks in our nation's healthcare system, with more nurses leaving the profession due to staffing shortages,



burnout, and retirement. Arizonans have seen the direct impact of nurse shortages on our state's healthcare system. MCCCDC remains committed to training and preparing the future generation of nursing professionals. Each year, Maricopa Community Colleges accepts over 3,600 students into our nursing programs, which include pathways for nursing assistants and licensed practical nurses. To mitigate Arizona's nursing shortage and to extend learning opportunities for our nursing students, the next bachelor's degree MCCCDC is preparing to launch is the Registered Nurse to Bachelor of Science in Nursing (RN-BSN) in fall 2025.

In February, we were honored to welcome the First Lady of the United States, Dr. Jill Biden, and U.S. Education Secretary, Dr. Miguel A. Cardona, to Mesa Community College (MCC) to



celebrate the Mesa Promise Program. The program, spearheaded by City of Mesa and Mesa Mayor, John Giles, provides eligible students with two years of fully funded tuition at MCC. The event showcased MCCCDC's impact on workforce development across the state and how the Mesa Promise Program leverages local partnerships to create equitable opportunities for underserved students. As a leader in higher education, we are proud to expand upon our current offerings, which enable students to acquire new skills, attain a

postsecondary credential, and ultimately earn a livable wage, regardless of their backgrounds. To date, the Mesa Promise Program has awarded 283 scholarships totaling \$95,339 to Mesa residents. Furthermore, 70.7% of the students are first-generation college students.

As billion-dollar corporations expand their existing operations to Arizona, the demand for a well-prepared, highly-skilled workforce is skyrocketing. As Arizona's largest provider of workforce development, MCCCDC serves as a pipeline for economic growth by providing job-related training and preparing a well-equipped, skilled workforce. Connecting Arizona's employers with a highly qualified workforce strengthens MCCCDC's commitment to bridging the gap between education and occupation. The bipartisan passage of the CHIPS and Science Act in August 2022 invested billions of dollars into the United States semiconductor industry, fortifying our nation's economy, supply chains, and training programs. As Arizona's semiconductor industry continues to boom, MCCCDC is working diligently to deliver on our promise of fostering innovative programs that will upskill and reskill top talent for the growing industry. Over the next few years, our system is poised to train approximately 4,000-6,000 semiconductor technicians through our Semiconductor Technician Quick Start offered at three of the ten Maricopa Community Colleges. In the first year, 587 students earned certifications through the quick start training. Over half of the students were first-generation college goers, and more than two-thirds were students of color. Through our sector-driven institute model, we have



successfully designed targeted industry education models, building talent at scale across multi-college locations to deliver training that meets the new emerging job roles, while earning stackable college credit. Our intentional program design modalities address key competencies, while introducing students to employability skills and recognized certifications that validate workforce readiness.

The 2022-23 fiscal year brought new opportunities to learn and grow to our system. Each day, I am proud of the incredible work being accomplished by our dedicated faculty, staff, and administrators. Together, we have forged new partnerships, launched degree programs, and developed a plan that will guide us through the coming years. As a system, we remain committed to providing our students with one of the most affordable entry points into higher education. I look forward to sharing our institution's future advancement and achievements as we make strides in advancing our mission in the forthcoming fiscal year.

Respectfully,

Steven R. Gonzales, Ed.D.

Chancellor
Maricopa County Community College District

December 22, 2023

To the Governing Board and Residents of the Maricopa County Community College District:

We are pleased to provide you with the Annual Comprehensive Financial Report (ACFR) of the Maricopa County Community College District (MCCCD; the District) for the fiscal year ended June 30, 2023 (FY 2023).

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 ensuring that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Audit services are provided to the MCCCD by the Arizona 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 unmodified.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditors' 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

Reporting Entity (continued)

GASB Statement No. 39, the financial activity of the Maricopa County Community College District Foundation is presented as a component unit of the District. The District is not included in any other governmental financial reporting entity.

Profile of Maricopa County Community College District

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

The District serves the educational needs of Maricopa County through ten accredited colleges and three skill centers. The colleges and skill centers are managed by ten college presidents. District-wide administrative and support services are centralized and administered by the Chancellor; Provost; Vice Chancellor, Business Services; Chief Human Resource Officer; Chief Information Officer; and Vice Chancellor, Community, Government Relations, and Economic Development.

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. Encompassing over 9,200 square miles, Maricopa County is the fourteenth largest county in land area in the continental U.S. and larger than seven states.

Maricopa County continues to have one of the fastest growing populations in the United States. According to the U.S. Census Bureau Population Division, the County's population is estimated to have increased by 16% in the 10-year period between the official census dates of April 2010 and April 2020. As of July 2022, the Arizona Office of Economic Opportunity estimated the County's population to be 4,586,431, making it the fourth most populated county in the nation.

Maricopa County has 62% of the State's total population and 66% of the total labor force. A majority of the County's labor force (87%) 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.

Profile of Maricopa County Community College District (continued)

Types of Services

The District is the largest single provider of post-secondary education in Arizona – offering affordable education to over 159,000 individuals year-round in credit classes and over 6,000 individuals in 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 to a four-year institution may first complete the 35-credit hour Arizona General Education Curriculum core and/or an associate degree. The District offers the following associate degrees: Associate in Arts (including specialized degrees in Elementary Education and Fine Arts), Associate in Business, Associate in Science, Associate in General Studies, and Associate in Applied Sciences. Numerous Associate of Applied Science degrees and Certificates of Completion are available for students seeking technical expertise or upgrading skills in a specific career area. Non-credit personal interest courses are available in many areas including the arts, computer technology, personal development, and financial management. As indicated by racial category, the student enrollment data mirrors the population of Maricopa County: 41% Anglo, 39% Hispanic, 6% African American, 5% Asian, 2% Native American and 7% 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 2022-2023, over 30,700 undergraduates enrolled at the three state universities had transferred 12 or more credits from MCCCDC.

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

State and Local Economy

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

Employment in Arizona increased by 351,515 jobs from 2,889,872 jobs in the second quarter of 2020 to 3,241,387 jobs in the second quarter of 2022. The large job growth was due to recovery from the Coronavirus Pandemic. The Office of Economic Opportunity within the Arizona Department of Administration projected Arizona’s economy to grow steadily for the calendar years 2022-2024. Specifically, Arizona’s jobs are projected to increase to 3,332,012 in the second quarter of 2024 which indicates an estimated net growth of 90,625 jobs. This translates into 1.4% annualized growth for the two-year period. This data was reported in February 2023. As of November 2023, Arizona’s seasonally adjusted nonfarm unemployment rate was 4.2%.

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 included each year in the annual budget and related presentations. This multi-year plan helps the District align its key components of strategic and financial planning with estimated trends in funding as well as linking long-term strategic directions with estimated long-term budget resources.

Budget Process

The District's elected Governing Board establishes policy and sets goals and priorities. With an eye toward shared governance, the Chancellor has established an Advisory Budget Council (ABC) comprised of representatives from employee groups (faculty and staff), college presidents, college senior councils, and District Office leadership. The purpose of ABC is to discuss and provide recommendations to the Chancellor and the Chancellor's Executive Council (CEC) on resource projections and funding priorities for future budgets. These recommendations are the basis for a fiscally stable budget presented to the Governing Board for its consideration. At a public meeting in the spring, the Governing Board adopts a final budget at a public meeting no later than June 20.

Financial Reporting

An automated financial accounting system captures all financial transactions and provides data for the preparation of this ACFR, 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 ACFR is distributed to the Board, executive management, the state legislature, federal and state agencies, bond-rating agencies, financial institutions and the general public. Internal management reports, customized to meet the information and decision-making needs at all levels of the organization, aid in the management of financial resources. The District also routinely monitors and reports on revenue collections and actual expenses compared to budget at each college. It carefully reviews fluctuations and implements strategies to remedy variances throughout the year.

Major Initiatives

The District embarked on a new strategic planning process during FY 2023 that included a comprehensive environmental scan; planning and future visioning sessions with the MCCCCD Governing Board and District leadership; and feedback surveys, interviews and focus group participation with faculty, staff, students, alumni and community stakeholders. The planning process upheld the District's shared governance practices, as the Governing Board, Chancellor, and Chancellor's Executive Council worked together to develop the plan. A systemwide Strategic Plan Steering Team will monitor the plan and provide annual recommendations on modifications and updates to activities, milestones and timelines, based on the evolving needs of students and the community. Designed to help the District become a forward-focused and agile organization equipped to respond to uncertainties, this strategic plan has a multi-year timeline that aims to establish direction while providing off-ramps that allow for recalibration as needed by adhering to constant feedback loops and launching new system-wide plans every three years.

The 2023 – 2026 systemwide strategic plan—*Excellence 2026*—provides a framework to align the District's current and future states and includes four key priorities: (1) student outreach and success; (2) economic resources and sustainability; (3) a cohesive identity; and (4) organizational talent.

Student Outreach and Success

Student outreach and success are primary pillars of the strategic plan. The District strives to create an educational environment where every individual is supported, motivated and inspired to overcome barriers, transforming aspirations into tangible achievements.

Economic Resources and Sustainability

The backbone of the District's growth lies in fostering economic resources and sustainability. The District is committed to charting a path dedicated to fortifying a solid financial foundation, enhancing technological capabilities and diversifying revenue streams to ensure continued success.

A Cohesive Identity

While celebrating the diverse aspects of our system, creating a more cohesive identity by enhancing collaboration is central to the District's forward progression. Creating a dynamic and integrated framework, which includes academic, enrollment management, facilities and technology, the District will more effectively meet student needs and enhance their ability to seamlessly access support across all colleges.

Organizational Talent

Organizational talent forms the bedrock of the District's success and serves as a catalyst for excellence. Plans are underway to revolutionize how the District recruits, develops and empowers a thriving workforce that will attract diverse, passionate individuals who will cultivate a culture of continuous improvement and shape the future of our educational community.

Major Initiatives (continued)

Over several years, strategic commitments were identified to further the District’s objective to increase student success and completion rates. To achieve these commitments and better meet the needs of students and the community, the District embarked on a transformation plan and committed resources to see its implementation. As a community of colleges serving a large and diverse metropolitan area, shifting our culture from 10 individual colleges to a system of colleges working together to support students and the community, will enable the District to be more entrepreneurial, increase efficiency and collaboration, and better leverage resources across the system. The District’s transformation is focused on three primary areas: Guided Pathways and Student Support, Industry Partnerships, and Enterprise Performance.

Guided Pathways and Student Support

Research shows that students are more likely to complete on time if they identify a career goal early on, have a clear outline of the courses required, and receive consistent guidance and support along the way. We have structured our colleges to more effectively support students from the time they seek access through successful completion of a course of study and receive a certification, associate’s degree, or transfer to a higher education institution. Guided Pathways represents a comprehensive approach to improving student completion and provides students with more clarity about the steps necessary to achieve their educational goals. Additional guidance from counseling or advising early in students’ journeys increases the likelihood of completion (transfer or career placement).

Industry Partnerships

Robust relationships between colleges and local employers are critical to building strong workforce development programs for students. Industry partners play a key role in curriculum development and credential validation to ensure graduates and certification holders have the right credentials to perform the necessary functions. Those same partners also can bring to life career options and work-based experiences that help students apply their education and potentially earn credits while earning wages. The District is working to transform targeted industry sector programs into regional “institutes” involving multiple colleges and programs. These institutes will be managed centrally but deliver relevant credit and non-credit programs across each region targeted to fill critical labor market gaps. A single industry advisory board will be established for each sector representing the entire county and student offerings will include structured internships, apprenticeships, and other on-the-job and immersion experiences for students. Through these institutes, the District will establish partnerships that lead to meaningful changes to traditional curriculum and instructional practices and provide resources for community college faculty and staff to develop skills needed to design new curricula, teach integrated developmental, occupational and academic course work and better track student progress and employer needs.

Enterprise Performance

The focus of the strategic commitments at their core is students and much of the work in the previous areas rely heavily on the District’s employees and systems it has in place. Therefore, the District is placing significant emphasis on becoming more efficient and effective through both its human resources and enterprise systems. One effort is to ensure we have a robust and comprehensive talent management system that ensures we retain and attract the best and the brightest employees. Another effort will be to ensure we eliminate any unnecessary redundancies in our processing of transactions. Yet another is to fully implement a budget approach that allocates funds to where funds are most needed to achieve the goals of the District.

Public University Partnerships

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

Residential/Adjunct Faculty Ratio

The District has initiated a plan that calls for 60% of the instructional load at each college to be taught by residential faculty. By implementing the 60:40 ratio, the District will support student success and retention through increased workforce stability, enhanced learning environments, and improved student engagement.

Capital Development Program

After decades of directing most capital expenditures toward facility expansion through significant capital bond programs, the District continues to reinvest in existing facilities and address significant deferred maintenance needs. A districtwide deferred maintenance study was launched with a consultant in 2017 to identify current and future maintenance requirements. Upon completion of the analysis, comprehensive project lists were developed for college and district office facilities. Additionally, projects and estimated costs for the next 10 years were prioritized based on the following investment criteria: reliability, asset preservation, safety/code, and economic opportunity. With support from the Governing Board, the District launched a multi-year deferred maintenance program intended to address nearly 5,400 projects with an estimated 2019 repair/replacement value of \$378 million.

As of FY 2023, 1,048 projects have been completed or initiated at a total cost of approximately \$86.8 million. Efficiencies are sought whenever possible to maximize funding. For example, combining similar projects within a building, across multiple campuses or even district wide, may provide economies of scale, reduce mobilization costs, and reduce or eliminate multiple project rebuild/reinstall costs. Project management cost savings have significantly offset the impact of inflation on actual expenses through FY 2023; however, planning for projects starting in FY 2024 and beyond will include an inflation escalator to better capture current volatile market conditions.

In FY 2019, the District adopted a funding strategy for its capital needs, including the deferred maintenance program, which shifts a portion of the secondary property tax levy no longer needed for debt service to the primary levy to be used for capital needs. The shift in purpose of the levy allows the total property tax levy to continue to decline while providing the District an opportunity to forego the need to issue future taxpayer funded General Obligation bonds.

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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This was the 32nd 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 Annual Comprehensive 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 Annual Comprehensive 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 Governing 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 Arizona Auditor General for timely completion of the audit.

Respectfully submitted,

Kimberly Brainard Granio, CPA
Vice Chancellor, Business Services & CFO

Dawn D. Rector, CPA, MBA
Interim Associate Vice Chancellor, Business
Services & Controller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Maricopa County Community College District
Arizona**

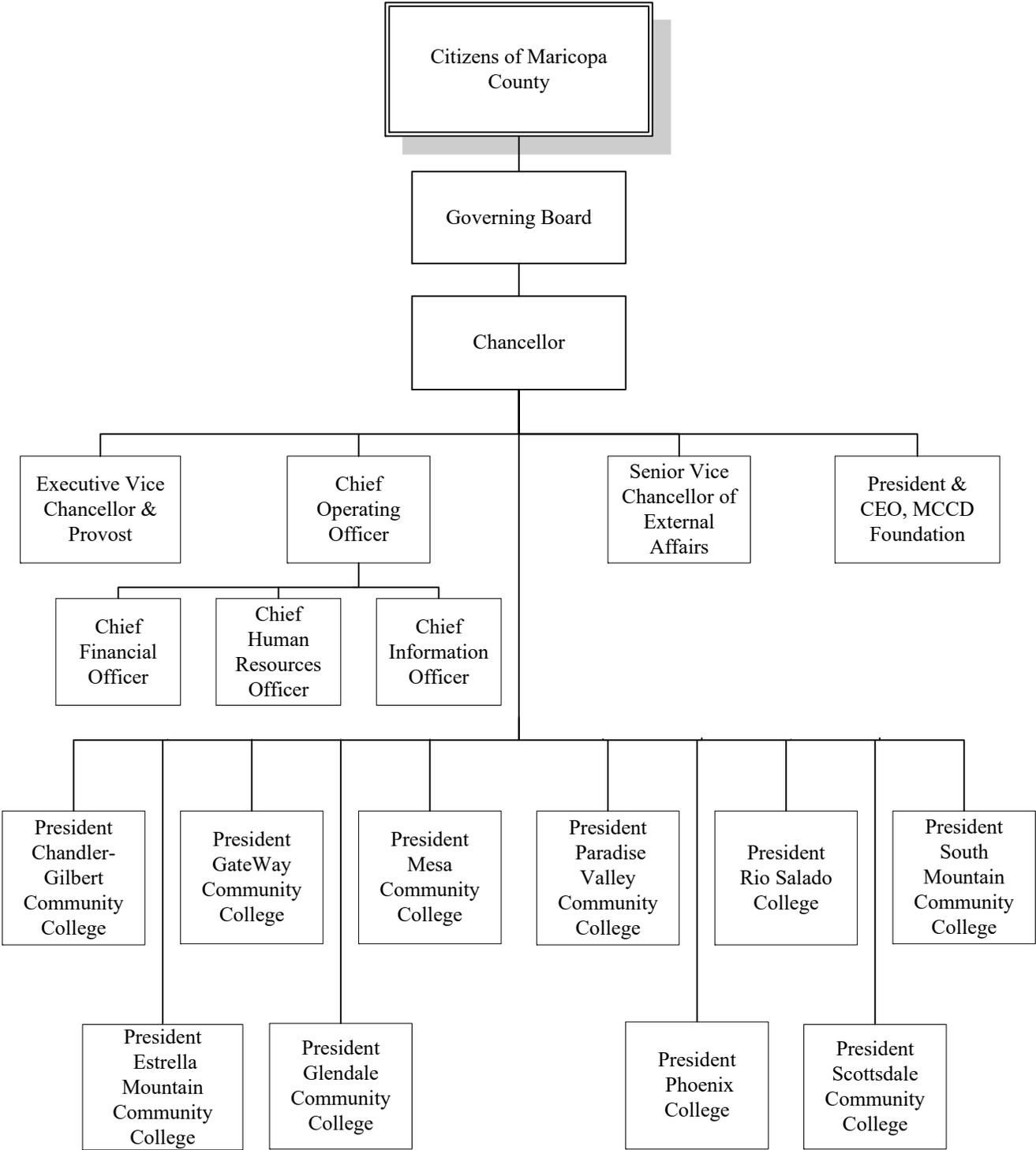
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

Maricopa County Community College District Organizational Chart



Maricopa County Community College District

Principal Officers

Governing Board

Ms. Marie Sullivan, *President*
Ms. Susan Bitter Smith, *Secretary*
Dr. Tom Nerini
Ms. Donna Davis
Ms. Jacqueline Smith
Dr. Linda Thor
Ms. Kelli Butler
Mr. Lynn Burnett, *Student Member*

Administration

Dr. Steven R. Gonzales, *Chancellor*
Dr. Lisa Armour, *Executive Vice Chancellor and Provost (eff. 12/4/2023)*
Ms. Lee Ann Bohn, *Chief Operating Officer (eff. 12/11/2023)*
Dr. Heather Carter, *Senior Vice Chancellor of External Affairs (eff. 11/27/2023)*
Ms. Kimberly Granio, *Vice Chancellor and Chief Financial Officer*
Dr. Georgetta Kelly, *Vice Chancellor and Chief Human Resource Officer*
Mr. Matthew Reeves, *Interim Vice Chancellor and Chief Information Officer*
Mr. Brian Spicker, *President & CEO, MCCD Foundation*

College Presidents

Dr. Greg Peterson, *President, Chandler-Gilbert Community College*
Dr. Rey Rivera, *President, Estrella Mountain Community College*
Dr. Amy Diaz, *President, GateWay Community College*
Dr. Tiffany Hernandez, *President, Glendale Community College*
Dr. Tammy Robinson, *President, Mesa Community College*
Dr. Jana Schwartz, *Interim President, Paradise Valley Community College*
Dr. Kimberly Britt, *President, Phoenix College*
Dr. Kate Smith, *President, Rio Salado College*
Dr. Eric Leshinskie, *President, Scottsdale Community College*
Dr. Richard Daniel, *President, South Mountain Community College*



Vision, Mission & Values

Vision

Excellence in education for a better world.

Mission

The Maricopa Community Colleges ignite talent, transform lives, and enrich communities through teaching, learning, and service.

Values

Student-Centric:

Students are the essence of our work; we partner with students as leaders and decision-makers in their own learning.

Integrity:

We foster a culture of honesty, trust, and transparency.

Collaboration:

We work together using system-thinking in pursuit of our vision and mission.

Inclusiveness:

We value all contributions and diverse perspectives.

Innovation:

We advance a culture that stimulates big ideas, creativity, and exploration.

Respect:

We treat each other with dignity, civility, and kindness.



Financial Section



LINDSEY A. PERRY
AUDITOR GENERAL

ARIZONA
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent auditors' report

Members of the Arizona State Legislature

The Governing Board of
Maricopa County Community College District

Report on the audit of the financial statements

Opinions

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of the Maricopa County Community College District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 the District as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

We did not audit the financial statements of the discretely presented component unit. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the other auditors' report.

Basis for opinions

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 U.S. Comptroller General. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of matter

As discussed in Note 1 to the financial statements, for the year ended June 30, 2023, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Management's responsibilities for the financial statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the audit's planned scope and timing, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required supplementary information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 19 through 27, schedule of the District's proportionate share of the net pension liability on page 62, and schedule of District pension contributions on page 63 be presented to supplement the basic financial statements. Such information is management's responsibility and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate

operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Schedule of revenues, expenses, and changes in net position by college/center

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of revenues, expenses, and changes in net position by college/center is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is management's responsibility and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the accompanying schedule of revenues, expenses, and changes in net position by college/center is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance on the other information.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will issue our report on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters at a future date. The purpose of that report is solely 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Lindsey A. Perry, CPA, CFE
Auditor General

December 22, 2023

Maricopa County Community College District Management's Discussion and Analysis For the Year Ended June 30, 2023

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the year ended June 30, 2023. Please read it in conjunction with the transmittal letter, which precedes this section, and the financial statements, which immediately follow.

For the fiscal year ended June 30, 2023, the District implemented the provisions of Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA), (GASB 96). This standard establishes a single model for SBITA accounting based on the foundational principle that SBITAs are financings of the right to use an underlying intangible subscription asset. The District's financial statements and accompanying note disclosures four and five have been modified to reflect the implementation of this new standard.

Basic Financial Statements

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

The *Statement of Net Position* reflects the financial position of the District as of June 30, 2023. It shows the assets owned or controlled, deferred outflows of resources, related liabilities and other obligations, deferred inflows of resources, and the categories of net position. Net position is an accounting concept defined as total assets and deferred outflows less total liabilities and deferred inflows. As such, it represents the residual of all other elements presented in the Statement of Net Position of the District.

The *Statement of Revenues, Expenses, and Changes in Net Position* reflects the results of operations and other changes for the year ended June 30, 2023. It shows revenues and expenses, both operating and non-operating, and reconciles the beginning net position amount to the ending net position amount, which is shown on the *Statement of Net Position* described above.

The *Statement of Cash Flows* reflects the inflows and outflows of cash and cash equivalents for the year ended June 30, 2023. It shows the cash activities by type and reconciles the beginning cash and cash equivalents amount to the ending cash and cash equivalents amount, which is shown on the *Statement of Net Position*, described above. In addition, this statement reconciles cash flows from operating activities to operating loss on the *Statement of Revenues, Expenses, and Changes in Net Position* described above.

Basic Financial Statements (continued)

Although the primary focus of this document is on the results and activity for fiscal year 2022-23 (FY 2023), comparative data is presented for the previous fiscal year, 2021-22 (FY 2022). This Management's Discussion and Analysis (MD&A) uses the prior fiscal year as a reference point to illustrate issues and trends for determining whether the institution's financial health may have improved or deteriorated.

Condensed Financial Information

<i>Statement of Net Position</i>		
	<i>As of</i> <u>June 30, 2023</u>	<i>As of</i> <u>June 30, 2022</u>
Assets		
Current assets	\$702,462,367	\$651,144,161
Noncurrent assets, other than capital assets	59,050,633	60,313,775
Capital assets, net	703,441,234	701,054,815
Total assets	<u>1,464,954,234</u>	<u>1,412,512,751</u>
Deferred Outflows of Resources	<u>81,163,954</u>	<u>119,614,518</u>
Liabilities		
Other liabilities	67,546,291	64,617,006
Long-term liabilities	753,815,988	699,497,087
Total liabilities	<u>821,362,279</u>	<u>764,114,093</u>
Deferred Inflows of Resources	<u>32,749,378</u>	<u>145,189,736</u>
Net position		
Net investment in capital assets	517,893,442	493,843,582
Restricted net position	122,724,771	89,502,460
Unrestricted net position	51,388,318	39,477,398
Total net position	<u>\$692,006,531</u>	<u>\$622,823,440</u>

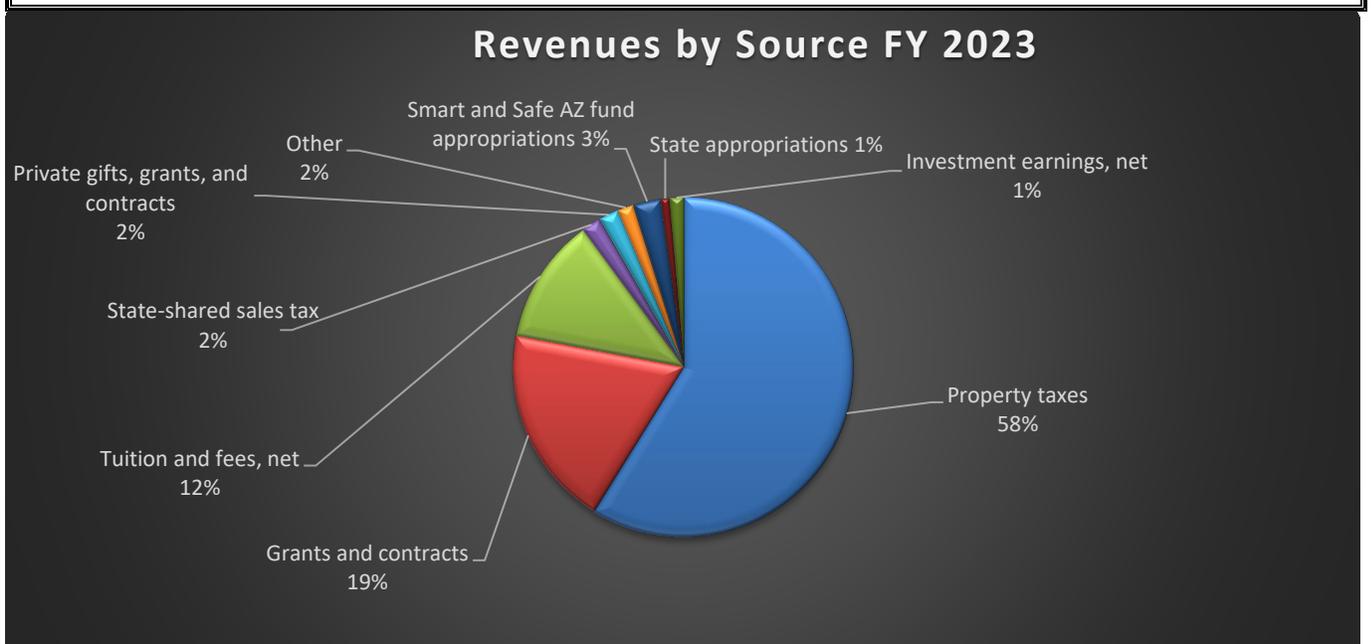
Condensed Financial Information (continued)*Statement of Revenues, Expenses, and Changes in Net Position*

	<i>For the Year Ended June 30, 2023</i>	<i>For the Year Ended June 30, 2022</i>
Operating revenues	\$143,501,871	\$166,952,016
Operating expenses:		
Educational and general	893,587,911	913,624,731
Auxiliary enterprises	38,655,039	34,345,481
Depreciation/amortization	54,988,858	50,799,385
Total operating expenses	<u>987,231,808</u>	<u>998,769,597</u>
Operating loss	<u>(843,729,937)</u>	<u>(831,817,581)</u>
Non-operating revenues and expenses	<u>912,711,995</u>	<u>905,670,251</u>
Income before other revenues, expenses, gains, or losses	68,982,058	73,852,670
Other revenues, expenses, gains, or losses	<u>201,033</u>	<u>81,105</u>
Change in net position	69,183,091	73,933,775
Net position, beginning of year	<u>622,823,440</u>	<u>548,889,665</u>
Net position, end of year	<u>\$692,006,531</u>	<u>\$622,823,440</u>

Condensed Financial Information (continued)

The following schedule presents a summary and comparison of revenues for the fiscal years ended June 30, 2023, and June 30, 2022.

<i>Revenues by Source</i>	FY 2023		FY 2022		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	\$127,095,128	12%	\$126,320,841	12%	\$774,287	1%
Other	16,406,743	2	40,631,175	4	(24,224,432)	(60)
Total operating revenues	<u>143,501,871</u>	<u>14</u>	<u>166,952,016</u>	<u>16</u>	<u>(23,450,145)</u>	<u>(14)</u>
<u>Non-operating revenues</u>						
Property taxes	623,187,484	58	606,252,756	56	16,934,728	3
State appropriations	8,584,900	1	12,000,000	1	(3,415,100)	(28)
Smart and Safe AZ fund appropriations	27,809,051	3	25,713,850	2	2,095,201	8
State-shared sales tax	19,336,531	2	18,986,810	2	349,721	2
Grants and contracts	203,078,146	19	239,136,598	22	(36,058,452)	(15)
Private gifts, grants, and contracts	20,161,731	2	11,423,030	1	8,738,701	77
Investment earnings, net of investment expense	13,891,465	1	(3,978,690)	0	17,870,155	449
Total non-operating revenues	<u>916,049,308</u>	<u>86</u>	<u>909,534,354</u>	<u>84</u>	<u>6,514,954</u>	<u>1</u>
Capital grants and gifts	201,033	0	81,105	0	119,928	148
Total revenues	<u>\$1,059,752,212</u>	<u>100%</u>	<u>\$1,076,567,475</u>	<u>100%</u>	<u>(\$16,815,263)</u>	<u>(2%)</u>

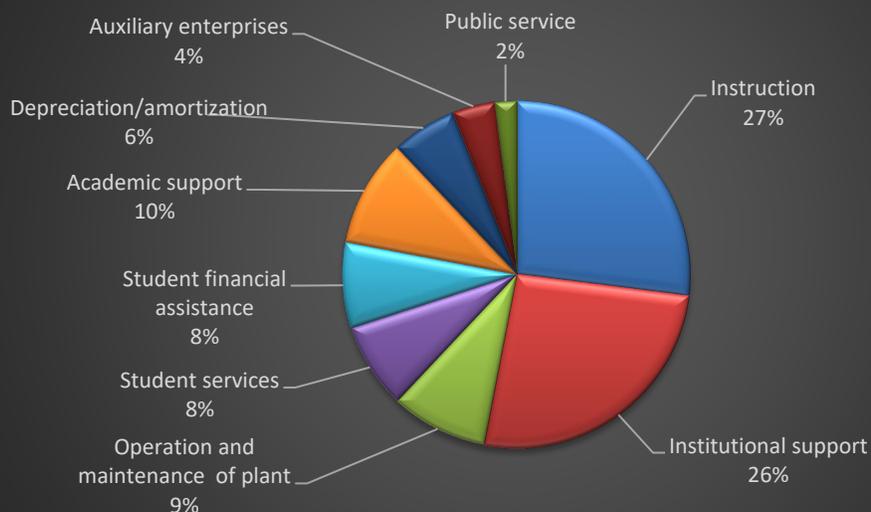


Condensed Financial Information (continued)

The following schedule presents a summary and comparison of expenses for the fiscal years ended June 30, 2023, and June 30, 2022.

<i>Expenses by Function</i>	FY 2023		FY 2022		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	\$271,966,742	27%	\$278,487,678	28%	(\$6,520,936)	(2%)
Public service	17,724,317	2	17,891,629	2	(167,312)	(1)
Academic support	101,627,784	10	101,620,244	10	7,540	0
Student services	76,858,516	8	79,049,449	8	(2,190,933)	(3)
Institutional support	257,153,794	26	202,989,507	21	54,164,287	27
Operation and maintenance of plant	91,210,940	9	81,733,892	8	9,477,048	12
Student financial assistance	77,045,818	8	151,852,332	15	(74,806,514)	(49)
Auxiliary enterprises	38,655,039	4	34,345,481	3	4,309,558	13
Depreciation/amortization	54,988,858	6	50,799,385	5	4,189,473	8
Total operating expenses	<u>987,231,808</u>	<u>100</u>	<u>998,769,597</u>	<u>100</u>	<u>(11,537,789)</u>	<u>(1)</u>
<u>Non-operating expenses</u>						
Interest expense on debt	2,240,326	0	3,685,064	0	(1,444,738)	(39)
Loss on sale or disposal of capital assets	1,096,987	0	179,039	0	917,948	513
Total non-operating expenses	<u>3,337,313</u>	<u>0</u>	<u>3,864,103</u>	<u>0</u>	<u>(526,790)</u>	<u>(14)</u>
Total expenses	<u>\$ 990,569,121</u>	<u>100%</u>	<u>\$1,002,633,700</u>	<u>100%</u>	<u>(\$12,064,579)</u>	<u>(1%)</u>

Expenses by Function FY 2023



Financial Highlights and Analysis

Statement of Net Position

The District's overall financial position grew in FY 2023 as the total net position improved by \$69.2 million over FY 2022. Total net position is comprised of the following sub-categories: net investment in capital assets, restricted, and unrestricted, reflecting increases in all three sub-categories. The increase of \$24.0 million in net investment in capital assets results from a lower net book value for assets (\$27.7 million), which is offset by a larger decrease in related bonds payable due to debt service payments (\$53.8 million). Restricted net position increased by \$33.2 million. While gift, grant and contract revenues decreased by \$27.3 million, student financial assistance expenditures (SFA) decreased by over \$74.8 million, bringing SFA expenditures down to pre-pandemic levels. Unrestricted net position increased by \$11.9 million, due to a combination of increases and decreases in several areas. Increases in unrestricted net position include cash and investments (\$13.8 million), prepaid expenses (\$2.3 million), and the net effect of leases and SBITA (\$6.3 million). Decreases in unrestricted net position were noted in pension deferred outflows and deferred inflows, and pension liability (\$6.9 million) and compensated absences (\$2.3 million).

Deferred outflows and inflows of resources are predominantly comprised of activity relating to pensions. Deferred outflows and inflows of resources are changes in the net pension liability that will be recognized as pension expense in future years and contributions after the measurement date that will reduce the net pension liability in future years. Variances in these lines from year to year will arise from changes in performance of investments, contribution changes to ASRS plans, composition of employer participants, recognition of prior year deferrals, etc. within a given year. In FY 2023, deferred outflows and inflows of resources related to pensions decreased by \$37.3 and \$112.2 million respectively, while net pension liability increased by \$81.8 million. Additional detail on pensions can be found in Notes to Financial Statements – Note 6.

Total assets increased by \$52.4 million. Current assets increased \$51.3 million, primarily due to the FY 2022 movement of cash and investments held to fund bond program expenses to non-bond program investment accounts following the completion of bond projects and the related increases in interest received on investments. In addition to the \$72.3 million increase in cash; cash equivalents; and investments, current receivables decreased by \$21.2 million, primarily due to government grants receivables. In addition to the increase in current assets, total capital assets, net, increased by \$2.4 million.

The most significant components of long-term liabilities for the District are bonds payable and net pension liability. The increase in long-term liabilities of \$54.3 million is primarily due to a combination of the following: the payment of debt service and amortization of bond premiums (\$53.8 million), no issuance of any new debt, and an increase in the net pension liability of \$81.7 million as noted above.

Statement of Revenues, Expenses, and Changes in Net Position

While the District has three major revenue sources in property taxes; grants and contracts; and tuition and fees, total revenue for the District decreased by \$16.8 million (2%) as a result of increases and decrease in these and various other categories. Total operating revenues decreased by \$23.5 million. While the District's enrollment continued to be lower than pre-pandemic levels, tuition and fees reflect a \$0.8 million (1%) increase over FY 2022 as unduplicated student headcount increased by 2.3%. Other operating revenues decreased by \$24.2 million, which reflects the District's recognition of employee and employer self-insurance contributions to cover related insurance expenses that decreased by \$25.4 million in FY2023.

Total Nonoperating revenues increased by \$6.5 million. Property tax revenue rose by \$16.9 million due to a 3% increase in the primary property tax levy from new construction and for capital program funding. State STEM program funds to support workforce development and training programs decreased by \$3.4 million and the Smart and Safe Arizona Fund appropriations increased by \$2.1 million. Grants and contracts decreased by \$36.1 million due to continued declines in Federal Higher Education Emergency Relief Funds (HEERF) from the Coronavirus Response and Relief Supplemental Appropriations Act of 2021. The large decrease in Student HEERF revenue (\$82.0 million) was partially offset by increased revenue in Institutional (\$29.0 million) and HSI (\$8.2 million) HEERF funding as well as receiving additional COVID dollars for other programs such as Route to Relief and Phoenix Promise (\$5.4 million). The deadline for all HEERF-related expenditure activity was June 30, 2023.

FY 2023 marked the third year of the District's multi-year strategic compensation plan, reflecting an overall \$40.8 million (6.8%) increase in salaries and benefits of \$23.9 and \$16.9 million, respectively. Residential and adjunct faculty instructional salaries increased by \$6.9 million and classified staff salaries increased by \$10.7 million. The District saw a \$2.0 million increase in the use of vacation and sick leave—a reflection of the balance of life returning to normal post-pandemic. While contractual services decreased by \$5.1 million, the District saw increases in supplies and materials (\$0.9 million); fixed charges (\$2.2 million); utilities and communication (\$3.1 million); and noncapital furniture, fixtures and equipment (\$15.0 million). Total non-payroll expenses decreased by \$54.2 million, with the lion's share of this decrease related to a \$79.0 million decrease in student scholarships funded by the Federal HEERF program, resulting in an overall decrease of \$12.1 million in total expenses.

Capital Assets and Debt Administration

The District's capital assets as of June 30, 2023, totaled \$703.4 million (net of accumulated depreciation/amortization). Capital assets include land, construction in progress, buildings, equipment, intangibles, improvements other than buildings, and library books. The District's total capital assets decreased as depreciation and amortization outpaced capital spending with the 2004 GO Bond program closing out in early FY 2020. The District has \$2.6 million in construction in progress with an estimated \$176,129 cost to complete. Additional information on capital assets can be found in Notes to Financial Statements – Note 4.

The District has issued nearly 100% of the \$951.4 million in GO bonds that were approved by voters in November 2004 and all remaining proceeds were expended early in FY 2020. Information on all of the District's bond issues is presented in greater detail in Notes to Financial Statements – Note 5.

Current Factors Having Probable Future Financial Significance

At the onset of the COVID-19 pandemic, the District moved nearly all of its operations and courses to a remote environment by the end of March 2020. Over the course of FY 2021 through FY 2023, the District increased its on-campus presence; however, a hybrid approach for both instruction and operations created a new normal. Federal Higher Education Emergency Relief Funds (HEERF) have been used to bolster the District's ability to provide more effective virtual learning and student support, including on-line tutoring and advising, as well as significant direct financial support to students and to re-engage students that have not continued their education. While the deadline to expend HEERF funded activities ended June 30, 2023, the effects of the pandemic continue to linger with enrollments remaining below pre-pandemic levels.

The District began to experience enrollment stabilization in FY 2022, which continued to increase in FY 2023. Unduplicated student headcount increased by 2.3% over FY 2022 and, while this recovery is a good sign, the District's unduplicated headcount remains down 16.8% from pre-pandemic levels. Student course-taking behavior for course modality (online, in-person, and hybrid) changed dramatically during the pandemic with the reversal of in-person and online enrollment as the primary means to attend class, requiring the District to continue to adjust course offerings to meet the evolving course-taking behavior of students.

In fall 2022, the Higher Learning Commission (HLC) approved accreditation for seven Bachelor's degree programs at seven of our colleges to launch in fall 2023. In December 2022, MCCCDD's Governing Board approved a tuition rate for upper division (300/400 level) courses of 150% of the District's rate for lower division (100/200 level) courses. By June 30, 2023, after various press releases and expanded recruitment efforts, there were 2,562 applicants, 1,701 matriculated, and 681 students enrolled in the District's Bachelor's degree programs for the inaugural fall 2023 semester. Conversations continue toward establishing a three to five-year plan for the development of bachelor's degrees as a system, including the Bachelor in Science in Nursing (BSN) for fall 2024.

In an effort to maintain an affordable tuition rate as close to free as possible, the District has not raised tuition since FY 2017 and, in fact had a \$1 per credit hour decrease in FY 2019. After six years of maintaining a level tuition rate, it was determined that the District would need to raise the tuition rate from \$85 to \$97 per credit hour, which was approved by the Board in December 2022 effective for the 2023 – 2024 academic year.

The District has not received operating support from the State of Arizona for several years and is primarily supported by property taxes and tuition and fees received from students. Both revenue streams are generally very stable; however, the District has an interest in finding a third revenue stream to support the system. To this end, efforts are underway to assess revenue generating opportunities with existing land and buildings which may be underutilized and repurposed to generate revenue for the system.

Current Factors Having Probable Future Financial Significance (continued)

Arizona has a constitutional expenditure limitation (EL) provision which went into effect in 1980 and today, limits the District's ability to fully utilize its operational resources without incurring significant penalties (Article IX, Section 21, Constitution of Arizona). However, in 2021 and 2023, the State Legislature passed legislation establishing a de minimis penalty for exceeding the calculated expenditure limit up to a certain level for fiscal years ending 2022, 2023, 2024, and 2025. The District is availing itself of this option of exceeding its expenditure limitation as it works toward a longer-term solution for FY 2025-26.

In the November 2020 General Election, the majority of voters in Arizona voted in favor of the *Smart and Safe Arizona Act*, or Proposition 207, allowing the legalization of cannabis for recreational use and taxing such sales at 16%. A portion of the revenue generated from this tax is dedicated to community college districts in Arizona for the purpose of investing in and providing workforce development programs, job training, career and technical education, and science, technology, engineering, and math (STEM) programs. The District saw an increase of \$2.1 million in additional revenues in FY 2023 to \$27.8 million, for a total of \$58.1 million over the three-year period and anticipates annual revenues of approximately \$25 million per year.

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 Annual Comprehensive 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 Position – Primary Government
June 30, 2023

	Business-Type Activities
Assets	
Current assets:	
Cash and cash equivalents	\$ 307,835,921
Investments	288,896,752
Receivables (net of allowance of \$57,091,651)	102,578,069
Other	3,151,625
Total current assets	702,462,367
Noncurrent assets:	
Receivables (net of allowance of \$7,669)	45,967
Other	3,305,892
Restricted assets:	
Cash and cash equivalents	53,585,035
Receivables (net of allowance of \$357,631)	1,962,337
Other	151,402
Capital assets, not being depreciated/amortized	77,049,693
Capital assets, being depreciated/amortized, net	626,391,541
Total noncurrent assets	762,491,867
Total assets	1,464,954,234
Deferred Outflows of Resources	
Deferred charges on refunded bonds	2,213,065
Deferred outflows related to pensions	78,950,889
Total deferred outflows of resources	81,163,954
Liabilities	
Current liabilities:	
Accounts payable	14,913,636
Accrued liabilities	45,987,747
Interest payable	2,908,332
Unearned revenues	3,736,576
Long-term liabilities - current portion	69,488,226
Total current liabilities	137,034,517
Noncurrent liabilities:	
Net pension liability	533,943,916
Compensated absences	34,366,911
Other long-term liabilities	116,016,935
Total noncurrent liabilities	684,327,762
Total liabilities	821,362,279
Deferred Inflows of Resources	
Deferred inflows related to pensions	31,454,526
Deferred inflows related to leases	1,040,470
Deferred grant receipts	254,382
Total deferred inflows of resources	32,749,378
Net Position	
Net investment in capital assets	517,893,442
Restricted:	
Nonexpendable:	
Endowments	237,394
Student loans	102,284
Expendable:	
Scholarships	1,294,033
Grants and contracts	71,840,577
Student loans	10,970
Debt service	49,229,513
Capital projects	10,000
Unrestricted	51,388,318
Total net position	\$ 692,006,531

See accompanying notes to financial statements.

**Maricopa County Community College District
Statement of Financial Position – Component Unit
June 30, 2023**

	Maricopa County Community College District Foundation
Assets	
Cash and cash equivalents	\$ 5,992,066
Pledges receivable, net of discount and allowance	599,931
Investments	57,333,611
Cash surrender value of life insurance	215,973
Other assets	19,790
Total assets	\$ 64,161,371
 Liabilities and Net Assets	
Accounts and scholarships payable	\$ 91,957
Charitable gift annuity liability	222,034
Deferred revenue	2,751,756
Total liabilities	3,065,747
 Net assets:	
Without donor restrictions	2,721,863
With donor restrictions	58,373,761
Total net assets	61,095,624
Total liabilities and net assets	\$ 64,161,371

See accompanying notes to financial statements.

Maricopa County Community College District
Statement of Revenues, Expenses, and Changes in Net Position –
Primary Government
For the Fiscal Year Ended June 30, 2023

	Business-Type Activities
Operating revenues:	
Tuition and fees (net of scholarship allowance of \$55,737,127)	\$ 127,095,128
Other	16,406,743
Total operating revenues	143,501,871
Operating expenses:	
Educational and general:	
Instruction	271,966,742
Public service	17,724,317
Academic support	101,627,784
Student services	76,858,516
Institutional support	257,153,794
Operation and maintenance of plant	91,210,940
Student financial assistance	77,045,818
Auxiliary enterprises	38,655,039
Depreciation and amortization	54,988,858
Total operating expenses	987,231,808
Operating loss	(843,729,937)
Nonoperating revenues (expenses):	
Property taxes	623,187,484
State appropriations	8,584,900
Smart and Safe AZ fund appropriations	27,809,051
State-shared sales tax	19,336,531
Government grants and contracts	203,078,146
Private grants and contracts	4,259,834
Private gifts	15,901,897
Investment earnings, net of investment expense	13,891,465
Interest expense on debt	(2,240,326)
Loss on sale/disposal of capital assets	(1,096,987)
Total nonoperating revenues	912,711,995
Income before other revenues, expenses, gains, or losses	68,982,058
Capital grants and gifts	201,033
Change in net position	69,183,091
Net position July 1, 2022	622,823,440
Net position June 30, 2023	\$ 692,006,531

See accompanying notes to financial statements.

Maricopa County Community College District
Statement of Activities and Change in Net Assets – Component Unit
For the Year Ended June 30, 2023

Maricopa County Community College District Foundation

	Without donor restrictions	With donor restrictions	Total
Support and revenue:			
Contributions of financial assets	\$ -	\$ 8,902,025	\$ 8,902,025
Contributed space and services	1,782,414	-	1,782,414
Loss on uncollectible pledges	-	(3,753)	(3,753)
Investment return	889,403	3,048,132	3,937,535
Change in cash surrender value of life insurance	-	(7,568)	(7,568)
Total support and revenue before net assets released from restrictions	<u>2,671,817</u>	<u>11,938,836</u>	<u>14,610,653</u>
Net assets released from restrictions	<u>8,272,145</u>	<u>(8,272,145)</u>	<u>-</u>
Total support and revenue	<u>10,943,962</u>	<u>3,666,691</u>	<u>14,610,653</u>
Expenses:			
Program support	3,977,475	-	3,977,475
Scholarship expenses	3,704,644	-	3,704,644
Salaries, wages, and benefits	1,631,964	-	1,631,964
Office space	150,450	-	150,450
Professional services	311,137	-	311,137
Office expenses	85,951	-	85,951
Information technology	138,281	-	138,281
Community engagement	44,911	-	44,911
Other expenses	28,068	-	28,068
Total expenses	<u>10,072,881</u>	<u>-</u>	<u>10,072,881</u>
Change in net assets	871,081	3,666,691	4,537,772
Net assets, beginning of year	<u>1,850,782</u>	<u>54,707,070</u>	<u>56,557,852</u>
Net assets, end of year	<u>\$ 2,721,863</u>	<u>\$ 58,373,761</u>	<u>\$ 61,095,624</u>

See accompanying notes to financial statements.

**Maricopa County Community College District
Statement of Cash Flows – Primary Government
For the Year Ended June 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES	Business-Type Activities
Tuition and fees	\$ 128,311,979
Payments for employee wages and benefits	(631,680,196)
Payments to providers of goods and services	(211,631,200)
Payments to students for grants and scholarships	(80,680,469)
Other custodial receipts	3,332,482
Other custodial disbursements	(3,632,593)
Other receipts	15,484,841
Net cash used for operating activities	(780,495,156)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property taxes	616,031,818
State appropriations	8,584,900
Smart and Safe AZ fund appropriations	27,809,051
State-shared sales tax	19,336,531
Grants and contracts	240,597,883
Federal student loans received	33,101,559
Federal student loans disbursed	(33,101,559)
Gifts received for other than operating or capital purposes	15,901,897
Net cash provided by noncapital financing activities	928,262,080
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from sale of capital assets	55,692
Purchase of capital assets	(22,976,645)
Principal paid on capital debt	(60,566,251)
Interest paid on capital debt	(6,716,755)
Net cash used for capital and related financing activities	(90,203,959)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from the sales and maturities of investments	(13,398,014)
Interest received on investments	12,786,890
Net cash used for investing activities	(611,124)
Net increase in cash and cash equivalents	56,951,841
Cash and cash equivalents - beginning of year	304,469,115
Cash and cash equivalents - end of year	\$ 361,420,956

(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	\$ (843,729,937)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation and amortization	54,988,858
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Net pension liability	81,764,492
Deferred outflows of resources related to pensions	37,344,032
Deferred inflows of resources related to pensions	(112,227,151)
Receivables	(4,905,480)
Other assets	(19,305)
Student loans receivable	2,154
Accounts payable	723,695
Accrued liabilities	2,030,661
Unearned revenue	1,216,852
Compensated absences	2,315,973
Net cash used for operating activities	<u><u>\$ (780,495,156)</u></u>

Noncash transactions:

Decrease in fair value of investments. The fair value of investments decreased by \$594,593.

Loss on sale of capital assets. The District incurred a loss of \$1,152,679 on the sale or disposal of capital assets.

Gifts of depreciable and non-depreciable assets. The District recorded the receipt of gifts of depreciable and non-depreciable assets of \$201,033.

Amortization of premium on bonds and deferred charges. The District amortized \$4,675,826 of bond premiums and \$1,106,532 of deferred charges.

Addition of SBITAs. The District had a non-cash addition of \$25,753,708 of SBITA liability in FY 2023 for GASB 96.

See accompanying notes to financial statements.

Maricopa County Community College District
Notes to Financial Statements
For the Year Ended June 30, 2023

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, 2023, the District implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which (1) defines a subscription-based information technology arrangement (SBITA); (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. As a result, the District’s financial statements have been modified to reflect the implementation of this new standard. For additional information, refer to the SBITA section below in this note as well as Notes 4 and 5.

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, as well as relevant notes to the financial statements, 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, 2023, the Foundation distributed \$7,682,119 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 Position; a Statement of Revenues, Expenses, and Changes in Net Position; and a Statement of Cash Flows.

A statement of net position provides information about the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at the end of the year. Assets and liabilities are classified as either current or noncurrent. Net position is classified according to external donor restrictions or availability of assets to satisfy the District's obligations. Net investment in capital assets represents the value of capital assets, net of accumulated depreciation/amortization, less any outstanding liabilities incurred to acquire or construct the assets. Nonexpendable restricted net position includes gifts that have been received for endowment purposes and federal contributions for the Federal Perkins Loan Program, the corpus of which cannot be expended. Expendable restricted net position represents grants, contracts, gifts, and other resources that have been externally restricted for specific purposes. Unrestricted net position consists of all other resources, including those that have been designated by management to be used for other than general operating purposes.

A statement of revenues, expenses, and changes in net position provides information about the District's financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net position are reported, including capital contributions and additions to endowments. Operating revenues and expenses generally result from exchange transactions. Accordingly, revenues, such as tuition and sales of auxiliary services, are considered to be operating revenues. Other revenues, such as property taxes and educational grants result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues. Operating expenses include the cost of sales and services, administrative expenses, and depreciation/amortization on capital assets. Other expenses, such as interest expense on debt, are considered nonoperating expenses. When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first. Internal transactions and activities, such as transfers between funds, revenues and expenses recorded for internal service activities, and certain internal revenues and expenses recorded for grant activity, have been eliminated for financial statement purposes.

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

NOTE 1 - Summary of Significant Accounting Policies (continued)

The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Cash and Investments - For the Statement of Cash Flows, the District’s cash and cash equivalents are considered to be cash on hand, cash in the bank, cash and investments held by the County Treasurer, investments in the State Treasurer’s Local Government Investment Pool 7, and some investments purchased on behalf of the District by its investment manager. Cash equivalents are defined as investments with maturities of three months or less from the date of acquisition by the District.

All investments are stated at fair value.

Capital Assets - Capital assets of the District consist of land, buildings, improvements other than buildings, equipment, intangibles, and library books. Capital assets are reported at actual cost (or estimated historical cost if historical records are not available). Donated assets are reported at acquisition value. 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/amortization 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/Amortization Method</u>	<u>Estimated Useful Life</u>
Land	All	Not applicable	Not applicable
Buildings	\$100,000	Straight-line	40 years
Improvements other than buildings	\$5,000	Straight-line	20 years
Equipment	\$5,000	Straight-line	4-10 years
Library books	All	Straight-line	10 years
Intangibles:			
Software	\$5,000	Straight-line	4-10 years
Right-to-use subscription assets	\$1,000,000	Straight-line	Subscription term *
Right-to-use lease assets:			
Land	\$100,000	Straight-line	Lease term *
Land improvements	\$100,000	Straight-line	Lease term *
Buildings	\$100,000	Straight-line	Lease term *

NOTE 1 - Summary of Significant Accounting Policies (continued)

* Intangible right-to-use subscription assets are amortized over the shorter of the lease term or the useful life of the underlying IT assets. Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the District has determined is reasonably certain of being exercised—then the lease asset is amortized over the useful life of the underlying asset.

Compensated Absences - Compensated absences payable consists of vacation leave and a calculated amount of sick leave employees earned based on services already rendered. Employees may accumulate up to 536 hours of vacation depending on years of service and employee group, but they forfeit any unused vacation hours in excess of the maximum amount at calendar year-end. Sick leave benefits provide for ordinary sick pay and are cumulative. Sick leave balances are paid to a maximum amount at retirement or death for employees having at least 10 years of service. Accordingly, these benefits are accrued as a liability in the financial statements.

Scholarship Allowances – A scholarship allowance is 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 the District awards, are considered to be scholarship allowances. These allowances are netted against tuition and fees revenues in addition to student financial assistance and auxiliary enterprises expenses in the Statement of Revenues, Expenses, and Changes in Net Position.

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

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

Leases and subscription-based information technology arrangements

Leases

The District, as lessee, leases real estate and determines the classification of the lease at commencement of the contract. Leases that have a maximum possible term of 12 months or less are expensed based on the provisions of the contract. For all leases in excess of 12 months and that do not have mutual termination provisions, do not transfer the asset to the District at the term of the lease, and are an exchange or exchange-like transaction, the District recognizes an intangible right-to-use lease asset and a corresponding lease liability based on the thresholds described below. The lease liability is measured at commencement of the lease based on the present value of the

NOTE 1 - Summary of Significant Accounting Policies (continued)

payments expected to be made. The intangible right-to-use lease asset is initially measured as the lease liability, plus payments made before lease commencement, plus direct costs incurred to place the asset into service, less any incentives received prior to commencement.

Key estimates and judgements include the determination of the discount rate to calculate the present value of lease payments, the lease term, and the lease payments. The District utilizes the rate implicit in the lease when it is readily determinable, otherwise the District has used professional judgement to determine the best estimate of its incremental borrowing rate based on the District's most recent debt issuance rating.

The District's threshold for lease accounting, as both lessee and lessor, is for all leases where the present value of minimum lease payments is \$5,000 or more for equipment and \$100,000 or more for real estate.

For leases where the District is the lessor, the lease receivable is initially recorded as the present value of the future payments using the stated rate or, if not readily determinable, then at our incremental borrowing rate based on the District's most recent debt issuance rating. Over the lease term, the District recognizes revenue from interest income and the amortization of the deferred inflows of resources on a straight-line basis.

Subscription-based information technology arrangements

The District recognizes subscription liabilities with an initial, individual value of \$1 million or more. The District uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the arrangement. The District's estimated incremental borrowing rate is calculated as described above.

NOTE 2 - Deposits and Investments

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

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

NOTE 2 - Deposits and Investments (continued)

Deposits

At June 30, 2023, total cash on hand was \$177,400. The carrying amount of bank deposits on the District's accounting system was \$93,614,805. At June 30, 2023, the District's bank balance was \$95,850,143. The District does not have a formal policy with respect to custodial credit risk.

Investments

The District had total investments of \$556,525,503 at June 30, 2023. The District's investments at June 30, 2023, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

<u>Investments by fair value level</u>	<u>Amount</u>	<u>Fair value measurement using</u>	
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>
U.S. agency securities	\$ 61,416,645	\$ -	\$ 61,416,645
U.S. Treasury securities	206,837,253	-	206,837,253
Commercial paper	5,057,296	-	5,057,296
Corporate bonds	15,402,271	-	15,402,271
Mutual funds – equity	183,287	183,287	-
Total investments categorized by fair value level	<u>\$288,896,752</u>	<u>\$ 183,287</u>	<u>\$288,713,465</u>

Investments categorized as Level 1 of the fair value hierarchy are valued using unadjusted prices quoted for identical assets in active, exchange and brokered markets for those securities. Investments categorized as Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The nature of these securities include investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters on which can be directly observed.

The District also had the following investments in external investment pools measured at fair value:

	<u>Amount</u>
State Treasurer's investment pool 7	\$266,758,118
State Treasurer's investment pool 700	111,809
Total external investment pools measured at fair value	<u>\$266,869,927</u>

The District also had the following investments measured at amortized cost, Money Market Fund FI with a balance of \$758,824.

NOTE 2 - Deposits and Investments (continued)

Investments in the State Treasurer’s investment pools are valued at the pool’s share price multiplied by the number of shares the District held. The fair value of a participant’s position in the pools approximates the value of that participant’s pool shares.

The State Board of Investment provides oversight for the State Treasurer’s pools.

Credit Risk - The District does not have a formal policy with respect to credit risk. At June 30, 2023, credit risk for the District’s investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
State Treasurer’s investment pool 7	Unrated	Not applicable	\$266,758,118
State Treasurer’s investment pool 700	Unrated	Not applicable	111,809
U.S. agency securities	Aaa	Moody’s	61,416,645
Commercial paper	P-1	Moody’s	5,057,296
Corporate bonds	A1	Moody’s	7,509,374
Corporate bonds	Aa2	Moody’s	3,052,824
Corporate bonds	Aaa	Moody’s	4,840,073
Money Market Fund FI	Aaa-mf	Moody’s	758,824
Total			<u>\$349,504,963</u>

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, 2023, the District had the following investments in debt securities:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (Months)</u>
State Treasurer’s investment pool 7	\$266,758,118	1.27
State Treasurer’s investment pool 700	111,809	39.00
Money Market Fund FI	758,824	0.00
U.S. agency securities	61,416,645	14.74
U.S. Treasury securities	206,837,253	18.67
Commercial paper	5,057,296	3.20
Corporate bonds	15,402,271	29.80
Total	<u>\$556,342,216</u>	

NOTE 2 - Deposits and Investments (continued)

The District's portfolio weighted average maturity is 10.04 months.

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

Cash, deposits and investments:		Statement of Net Position:	
Cash on hand	\$ 177,400	Cash and cash equivalents	\$307,835,921
Deposits	93,614,805	Investments	288,896,752
Investments	556,525,503	Restricted assets:	
		Cash and cash equivalents	<u>53,585,035</u>
Total	<u>\$650,317,708</u>	Total	<u>\$650,317,708</u>

NOTE 3 - Current Receivables

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

Property taxes (net of allowance of \$2,768,571)	\$ 13,476,441
Government grants	56,275,159
Private grants and contracts (net of allowance of \$264,787)	4,073,083
Student accounts (net of allowance of \$53,907,273)	26,825,925
Lease receivable	365,384
Other (net of allowance of \$151,020)	<u>1,562,077</u>
Total current receivables	<u>\$ 102,578,069</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, in addition to property taxes the Maricopa County Treasurer's Office has collected but not yet distributed to the District.

NOTE 4 - Capital Assets

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

	Balance July 1, 2022 (restated)	Increases	Decreases	Balance June 30, 2023
Capital assets not being depreciated/amortized:				
Land	\$ 74,475,007	\$ -	\$ -	\$ 74,475,007
Construction in progress	18,376,426	8,655,341	24,457,081	2,574,686
Total capital assets not being depreciated/amortized	<u>92,851,433</u>	<u>8,655,341</u>	<u>24,457,081</u>	<u>77,049,693</u>
Capital assets being depreciated/amortized:				
Buildings	1,074,035,877	22,866,448	-	1,096,902,325
Equipment	156,949,376	13,246,449	14,061,001	156,134,824
Intangibles:				
Right-to-use subscription assets	9,596,571	25,753,708	-	35,350,279
Right-to-use lease assets:				
Land	1,235,129	-	-	1,235,129
Buildings	10,818,679	-	335,981	10,482,698
Software	65,816,936	-	-	65,816,936
Improvements other than buildings	161,206,252	2,606,444	-	163,812,696
Library books	9,020,277	557,666	1,052,714	8,525,229
Total capital assets being depreciated/amortized	<u>1,488,679,097</u>	<u>65,030,715</u>	<u>15,449,696</u>	<u>1,538,260,116</u>
Less accumulated depreciation/amortization for:				
Buildings	565,684,848	31,792,811	38,391	597,439,268
Equipment	140,331,501	7,322,230	13,028,705	134,625,026
Intangibles:				
Right-to-use subscription assets	-	3,592,013	-	3,592,013
Right-to-use lease assets:				
Land	45,591	45,591	-	91,182
Buildings	1,384,638	1,295,504	-	2,680,142
Software	44,450,032	4,269,999	-	48,720,031
Improvements other than buildings	112,879,898	6,057,052	-	118,936,950
Library books	6,102,636	613,658	932,331	5,783,963
Total accumulated depreciation/amortization	<u>870,879,144</u>	<u>54,988,858</u>	<u>13,999,427</u>	<u>911,868,575</u>
Total capital assets being depreciated/amortized, net	<u>617,799,953</u>	<u>10,041,857</u>	<u>1,450,269</u>	<u>626,391,541</u>
Capital assets, net	<u>\$ 710,651,386</u>	<u>\$ 18,697,198</u>	<u>\$ 25,907,350</u>	<u>\$ 703,441,234</u>

The District has active construction projects with a remaining contractual commitment at June 30, 2023, of \$176,129.

Due to the implementation of GASB Statement No. 96, *Subscription-based Information Technology Arrangements (SBITA)*, the District restated the beginning capital asset balance from fiscal year 2022 to account for intangible right-to-use subscription assets. There was no impact to net position.

NOTE 5 - Long-term Liabilities

The following schedule details the long-term liability activity for the year ended June 30, 2023.

	Balance July 1, 2022 As restated	Additions	Reductions	Balance June 30, 2023	Due within one year
Bonds payable:					
General obligation bonds	\$ 184,715,000	\$ -	\$ 49,130,000	\$ 135,585,000	\$ 48,265,000
Premium on general obligation bonds	14,919,601	-	4,675,826	10,243,775	4,675,826
Total bonds payable	<u>199,634,601</u>	<u>-</u>	<u>53,805,826</u>	<u>145,828,775</u>	<u>52,940,826</u>
Leases payable	10,760,369	132,749	1,321,846	9,571,272	1,406,474
Subscriptions liability	9,596,571	25,753,708	10,116,921	25,233,358	10,269,170
Net pension liability	452,179,424	81,764,492	-	533,943,916	-
Compensated absences	36,922,693	7,677,160	5,361,186	39,238,667	4,871,756
Total long-term liabilities	<u>\$ 709,093,658</u>	<u>\$ 115,328,109</u>	<u>\$ 70,605,779</u>	<u>\$ 753,815,988</u>	<u>\$ 69,488,226</u>

Due to the implementation of GASB Statement No. 96, *Subscription-based Information Technology Arrangements* (SBITA), the District restated the beginning long-term liabilities balance from fiscal year 2022 to account for a subscriptions liability. There was no impact to net position.

Legal Debt Margin

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 2022-23, the District could issue an additional \$7.6 billion of debt and remain within the legal debt margin. See Statistical Section – Computation of Legal Debt Margin for details.

Bonds Payable

The District’s bonded debt consists of various issues of general obligation bonds. Bond proceeds primarily pay for improving, acquiring or constructing capital assets. Bonds have also been issued to advance refund previously issued bonds. Of the total general obligation bonds originally authorized in 2004 (\$951,359,000), \$3,000 of authorization remains unissued. The District repays general obligation bonds from voter-approved property taxes; however, the District has no current liability for arbitrage. 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, 2023, were as follows:

NOTE 5 - Long-term Liabilities (continued)

<u>Description</u>	<u>Amount Issued</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
General obligation bonds				
Series 2013	151,090,000	7/01/2023-27	3.00-3.50%	63,750,000
Refunding Series B, C, D (2016)	191,260,000	7/01/2023-25	5.00%	71,835,000
			Total	<u>\$135,585,000</u>

The following schedule details debt service requirements to maturity for the District's bonds payable at June 30, 2023.

Year Ending June 30:	<u>General Obligation Bonds</u>		<u>Total Debt Service Requirements</u>
	<u>Principal</u>	<u>Interest</u>	
2024	\$ 48,265,000	\$ 4,550,950	\$ 52,815,950
2025	29,705,000	2,845,200	32,550,200
2026	30,940,000	1,579,875	32,519,875
2027	13,110,000	704,200	13,814,200
2028	13,565,000	237,388	13,802,388
Total	<u>\$ 135,585,000</u>	<u>\$ 9,917,613</u>	<u>\$ 145,502,613</u>

Description of Issues

General Obligation Refunding Bonds, Project of 2004, Series B, C, D (2016)

In August 2016, the District issued \$191,260,000 of general obligation refunding bonds to refund \$73,810,000 G.O. Bonds, Series B (2007); \$80,190,000, Series C (2009); and \$62,055,000, Series D (2011). The net proceeds were placed in the Depository Trust Fund to be used to refund the bonds being refunded. The General Obligation Refunding Bonds of 2016 are not subject to early redemption prior to their stated maturity dates.

General Obligation Bonds, Series 2013

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

NOTE 5 - Long-term Liabilities (continued)

Leases

The District, as lessee, has obtained the right to use classroom, office, and other space throughout Maricopa County under the provision of various lease agreements. Lease terms for our significant sites vary based on space availability and the District's needs. Significant sites include the following locations.

In 1967, the District entered into a 99-year lease with the Salt River Pima-Maricopa Indian Community to lease approximately 40 acres of land in order to build out the Scottsdale Community College campus.

In 2006, the District, on behalf of Chandler-Gilbert Community College, entered into a 40-year ground lease with Williams Gateway Airport Authority for the right to access and develop an aviation hangar/office building consisting of approximately 2.3 acres.

In 2012, the District, on behalf of GateWay College, entered into an agreement with 29 Bell LLC to lease a portion of Marbella Plaza Shopping Center to operate Northwest Skill Center. The term is 15 years for 32,500 square feet of space.

In 2019, the District, on behalf of GateWay College, entered into an agreement with Phoenix Biomedical Campus for use of office, meeting room, and industry certification and non-credit professional development use in connection with its Center for Entrepreneurial Innovation Program. The term is 10 years for 6,275 square feet of space.

In 2019, the District, on behalf of GateWay College, entered into an agreement with Stockbridge 555 MOB to operate a nursing school in the St. Luke's Medical Center office building. The term is approximately 10 years for 28,671 square feet of space.

The total amount of lease assets and the related accumulated amortization are as follows:

Total intangible right-to-use lease assets	\$11,717,827
Less: accumulated amortization	<u>2,771,324</u>
Carrying value	<u>\$ 8,946,503</u>

NOTE 5 - Long-term Liabilities (continued)

The following schedule lists the principal and interest requirements to maturity for the District's leases payable as of June 30,2023.

Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2024	1,406,475	88,870	1,495,345
2025	1,440,266	76,193	1,516,459
2026	1,474,941	63,185	1,538,126
2027	1,363,653	49,956	1,413,609
2028	1,104,540	38,373	1,142,913
2029 - 2033	2,058,138	79,887	2,138,025
2034 - 2038	225,413	46,587	272,000
2039 - 2043	243,036	28,964	272,000
2044 - 2048	152,262	11,738	164,000
2049 - 2053	24,885	7,115	32,000
2054 - 2058	26,889	5,111	32,000
2059 - 2063	29,055	2,945	32,000
2064 - 2068	21,719	681	22,400
	<u>9,571,272</u>	<u>499,605</u>	<u>10,070,877</u>

Subscription-Based Information Technology Arrangements

The District began recognizing the right to use SBITA assets at the start of FY2023, upon adoption of GASB Statement No. 96. On 07/01/2022, the District recognized a 112-month subscription contract with Instructure, Inc. for the use of Canvas Cloud and a 26-month subscription contract with World Wide Technologies for the use of CISCO Systems Security technology. On 08/01/2022, The District entered into a 60-month subscription contract with World Wide Technologies for the use of CISCO Systems Telephone & Network/WebEx technologies. On 11/01/2022, the District entered into a 36-month subscription contract with Dell Marketing for the use of Microsoft Volume Licensing. On 11/30/2022, the District entered into a 58-month subscription for the use of Qualtrics Cloud Service. On 05/30/2023, the District entered into a 36-month subscription for the use of Oracle Cloud Infrastructure/Firewall Service. Each of these District SBITA liabilities are detailed in the following schedule.

NOTE 5 - Long-term Liabilities (continued)

Technology	Initial Subscription Liability	Value as of 6/30/2023	Annual Fixed Payments	Interest Rate
Canvas Cloud	\$ 7,448,028	\$ 6,639,935	\$ 872,394	2.59%
CISCO Systems Security	2,148,543	1,067,554	1,087,770	1.89%
CISCO Systems Telephone, Network, WebEx	2,010,917	1,591,157	419,760	2.19%
Microsoft Volume License	3,063,218	2,010,606	1,052,612	3.12%
Qualtrics Cloud Service	1,684,823	1,406,073	278,750	3.16%
Oracle Cloud Infrastructure/Firewall Service	18,994,750	12,518,033	6,476,717	2.31%
	<u>\$ 35,350,279</u>	<u>\$ 25,233,358</u>	<u>\$ 10,188,003</u>	

The total amount of subscription assets and the related accumulated amortization are as follows:

Total intangible right-to-use subscription assets	\$35,350,279
Less: accumulated amortization	<u>3,592,013</u>
Carrying value	<u>\$31,758,266</u>

The following schedule details minimum subscription payments to maturity for the District's subscription liability at June 30, 2023:

Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 9,653,310	\$615,860	\$10,269,170
2025	8,806,505	392,513	9,199,018
2026	1,511,759	176,429	1,688,188
2027	1,596,679	136,846	1,733,525
2028	839,561	94,926	934,487
2029 - 2032	2,825,544	149,109	2,974,653
	<u>\$25,233,358</u>	<u>\$1,565,683</u>	<u>\$26,799,041</u>

NOTE 6 - Pension

Plan Description - District employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 2. The ASRS is a component unit of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

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

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

*With actuarially reduced benefits.

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

Contributions - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2023, statute required active ASRS members to contribute at the actuarially determined rate of 12.03 percent of the members’ annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 11.92 percent of the active members’ annual covered payroll. In addition, the District was required by statute to contribute at the actuarially determined rate of 9.62 percent of annual covered payroll of retired members who worked for the District in positions that an employee who contributes to the ASRS would typically fill. The District’s contributions to the pension plan for the year ended June 30, 2023, were \$47,900,700.

NOTE 6 - Pension (continued)

Pension Liability - At June 30, 2023, the District reported a liability of \$533,943,916 for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2021, to the measurement date of June 30, 2022.

The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2022. The District's proportion measured as of June 30, 2022, was 3.27127 percent, which was a decrease of 0.17009 from its proportion measured as of June 30, 2021.

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2023, the District recognized pension expense for ASRS of \$55,929,038. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,549,520	
Net difference between projected and actual earnings on pension plan investments		\$14,064,599
Changes in assumptions or other inputs	26,500,669	
Changes in proportion and differences between District contributions and proportionate share of contributions		17,389,927
District contributions subsequent to the measurement date (fiscal year 2023 district contributions)	47,900,700	
Total	<u>\$78,950,889</u>	<u>\$31,454,526</u>

The \$47,900,700 reported as deferred outflows of resources related to ASRS pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

NOTE 6 - Pension (continued)

Year ending June 30,		
2024	\$	16,045,765
2025		(14,541,706)
2026		(24,419,450)
2027		22,511,054

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

Actuarial valuation date	June 30, 2021
Actuarial roll forward date	June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9–8.4%
Inflation	2.3%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP

Actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
Equity	50%	3.90%
Fixed income - credit	20%	5.30%
Fixed income - interest rate sensitive	10%	(0.20)%
Real estate	<u>20%</u>	6.00%
Total	<u>100%</u>	

Discount Rate - At June 30, 2022, the discount rate used to measure the ASRS total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate

NOTE 6 - Pension (continued)

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

Sensitivity of the District’s Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate - The following table presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
District's proportionate share of the net pension liability	\$ 787,818,378	\$ 533,943,916	\$ 322,252,282

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

NOTE 7 - Operating Expenses

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

Salaries and benefits	\$ 642,681,497
Financial aid	78,721,120
Contract services	97,832,219
Depreciation and amortization	54,988,858
Noncapitalized equipment	54,592,579
Communications, utilities, and travel	23,106,578
Supplies and materials	17,250,431
Subscriptions, dues, insurance, and rentals	18,058,526
Total operating expenses	<u>\$ 987,231,808</u>

The District uses credit cards to pay certain vendors for goods and services. The District received \$177,186 in rebates resulting from credit card payments for the year ended June 30, 2023.

NOTE 8 - Risk Management

The District is exposed to various risks of loss related to legal liability, property, errors and omissions, and injuries to employees. The District carries commercial insurance for all such risks of loss. 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 \$450,000 per claim. The District purchases commercial insurance for claims in excess of this limit and utilizes a consultant to determine the required annual funding based upon anticipated utilization, cost trends, and benefit levels. Independent administrators provide claim and recordkeeping services for each self-insured plan. The District self-insures workers' compensation claims up to \$500,000 and purchases commercial insurance for claims exceeding \$500,000. Settled claims for workers' compensation and health benefits have not exceeded the District's commercial insurance coverage in any of the past three fiscal years.

The insurance claims payable of \$8,214,358 at June 30, 2023, includes the amounts payable for both health benefits and workers' compensation. This amount has been recognized as an expense and is included in accrued liabilities in the Statement of Net Position. It is the estimated cost of settling claims that have been reported but not settled and claims that have been incurred but not reported and is based on actuarial valuations. The District's claims payable for the fiscal years ended June 30, 2022 and June 30, 2023 are as follows:

<u>Health Benefits:</u>	<u>2023</u>	<u>2022</u>
Claims payable, beginning of year	\$ 9,236,000	\$ 8,484,000
Current year actual and estimated claims	62,901,447	66,032,182
Less: Claim payments	<u>(65,006,447)</u>	<u>(65,280,182)</u>
Claims payable, end of year	<u>\$ 7,131,000</u>	<u>\$ 9,236,000</u>
<u>Workers' Compensation:</u>	<u>2023</u>	<u>2022</u>
Claims payable, beginning of year	\$ 807,015	\$ 769,158
Current year actual and estimated claims	857,804	428,689
Less: Claim payments	<u>(581,461)</u>	<u>(390,832)</u>
Claims payable, end of year	<u>\$ 1,083,358</u>	<u>\$ 807,015</u>

NOTE 9 - Contingencies and Litigation

The District is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of business. A reasonable estimate of the probable losses based on information currently available is \$191,500. This amount has been recognized as an expense and is included in accrued liabilities in the Statement of Net Position. Other reasonably possible claims have been estimated to be \$125,000. Management through legal counsel will seek denial of the claims. Management believes that the loss, if any, resulting from these claims will not have a material impact on the District's financial position, results of operations, or cash flows in future years.

NOTE 10 - Discretely Presented Component Unit Disclosures

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

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

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

Basis of presentation - The financial statements are presented in accordance with 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 their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The Foundation maintains its accounts on the accrual basis of accounting. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grants. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Contributions received - The Foundation accounts for contributions received in accordance with FASB ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. In accordance with ASC 958-605, the Foundation evaluates grants and contributions for evidence of the transfer of commensurate value from the Foundation to the grantor or resource provider. The transfer of commensurate value from the Foundation to the grantor or resource provider may include instances when a) the goods or services provided by the Foundation directly benefit the grantor or resource provider or are for the sole use of the grantor or resource provider or b) the grantor or resource provider obtains proprietary rights or other privileges from the goods or services provided by the Foundation. When such factors exist, the Foundation accounts for the grants or contributions as exchange transactions under ASC 606, *Revenue from Contracts with Customers*, or other appropriate guidance. In the absence of these factors, the Foundation accounts for the award under the contribution accounting model.

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

In the absence of the transfer of commensurate value from the Foundation to the resource provider, the Foundation evaluates the contribution for criteria indicating the existence of measurable barriers to entitlement for the Foundation or the right of return to the resource provider. A barrier to entitlement is subject to judgment and generally represents an unambiguous threshold for entitlement that provides clarity to both the Foundation and resource provider whether the threshold has been met and when. These factors may include measurable performance thresholds or limited discretion on the part of the Foundation to use the funds. Should the existence of a measurable barrier to entitlement exist and be accompanied by a right of return of the funds to the resource provider or release of the resource provider from the obligation, the contribution is treated as a conditional contribution. If both the barrier to entitlement and right of return do not exist, the contribution is unconditional.

The Foundation recognizes amounts received from unconditional contributions at the time the Foundation receives notification of the award. Contributions that include conditions imposed by the grantor or resource provider are recognized when those conditions are met by the Foundation.

During 2023, the Foundation received payments from several grants that are conditional in nature and the revenue can only be recognized once the Foundation has met the specified conditions, such as incurring qualified expenses or achieving specific milestones. As of June 30, 2023, unearned conditional grant revenue associated with these grants is \$2,751,756 and is included in deferred revenue in the accompanying statement of financial position. Additionally, the Foundation is the recipient of certain conditional promises to give that will be recognized upon the satisfaction of the grant conditions, which include achieving specific performance milestones or raising matching contributions. As of June 30, 2023, conditional promises to give that have not been recognized because the conditions have not been met totaled \$1,250,000.

In accordance with FASB ASC 958-605, contributions received are recorded as contributions without donor restrictions or contributions with donor restrictions depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and change in net assets as net assets released from restrictions.

Contributions received without donor restrictions 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. Contributions received with donor restrictions are distributed

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

according to donor specification, generally as scholarships to attendees of Maricopa County Community Colleges or to support programs and projects to advance these colleges. Contributions received with donor restrictions that are perpetual in nature require the principal be invested in perpetuity; the distributable income from the related investments is reflected as net assets with donor restrictions in the statement of activities and change in net assets as specified by the donor.

Unconditional promises to give (pledges) that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at the fair value of their estimated future cash flows as of the date of the promise to give through the use of a present value discount technique. In periods subsequent to initial recognition, unconditional promises to give are reported at the amount management expects to collect and are discounted over the collection period using the same discount rate as determined at the time of initial recognition. The discount rate determined at the initial recognition of the unconditional promise to give is based upon management's assessment of many factors, including when the receivable is expected to be collected, the creditworthiness of the other parties, the Foundation's past collection experience and its policies concerning the enforcement of promises to give, expectations about possible variations in the amount or timing, or both, of the cash flows, and other factors concerning the receivable's collectability. Amortization of the discounts is included in support from contributions. Collectability of promises to give is determined by management based on historical information. At June 30, 2023, promises to give presented on the statement of financial position are net of an allowance for uncollectible pledges of \$13,706, and a discount of \$40,783. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Administration Fees - The Foundation charges an administration fee to defray part of the cost of managing restricted accounts held by the Foundation. A fee of 2% is charged on all new gifts, except endowment gifts. On January 1st of each year, an investment management fee of 200 basis points is charged on all accounts. This fee is not charged to endowment funds, if doing so would reduce the fund below its corpus. During the year ended June 30, 2022, the Board of Directors approved a transfer of operational reserves of \$103,704 to effectively offset administration fees charged to the funds. Fees on restricted funds resulted in \$590,026 being released from restriction for the year ended June 30, 2023.

Investments - The Foundation accounts for its investments in accordance with FASB ASC 958-320, *Not-for-Profit Entities – Investments – Debt Securities* and FASB ASC 958-321, *Not-for-Profit Entities – Investments – Equity Securities*. In accordance with FASB ASC 958-320 and 958-321, the Foundation carries its investments in equity and debt at fair value.

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

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

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

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

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

Level 3: Unobservable inputs for the asset or liability.

Income tax status - The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the “Code”) and, therefore, there is no provision for income taxes for the entity. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170 of the Code and has been deemed not to be a private foundation. Income determined to be unrelated business taxable income (“UBTI”) would be taxable. Management believes that none of the income in 2023 is UBTI.

NOTE 10 b - Pledges Receivable

Pledges receivable consist of the following at June 30, 2023:

Pledges receivable:	
Receivable in less than one year	\$ 231,328
Receivable in one to five years	422,462
Total pledges receivable	<u>653,790</u>
Less discount to net present value	(40,783)
Less allowance for uncollectable pledges	<u>(13,076)</u>
Net pledges receivable	<u>\$ 599,931</u>

NOTE 10 b – Pledges Receivable (continued)

Pledges receivable that are expected to be collected in more than one year have been discounted to their present value using a discount rate of 2%.

NOTE 10 c - Investments

Investments consist of the following at June 30, 2023:

Core bond fund	\$ 14,564,919
Large cap US equity index fund	10,566,635
International equity fund	7,402,026
High yield bond fund	4,304,439
Small cap US equity index fund	2,407,660
Emerging markets equity fund	2,367,709
Global real estate securities fund	1,793,248
Commodities fund	1,614,563
Low duration bond fund	1,250,993
Partnerships	8,844,489
Hedge fund	2,196,084
Money market funds	<u>20,846</u>
Total investments	<u>\$ 57,333,611</u>

The following summarizes investment return for the year ended June 30, 2023:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Interest and dividends	\$ 128,837	\$ 259,903	\$ 388,740
Net realized and unrealized gains	788,539	2,886,035	3,674,574
Brokerages fees	<u>(27,973)</u>	<u>(97,806)</u>	<u>(125,779)</u>
Total investment return	<u>\$ 889,403</u>	<u>\$ 3,048,132</u>	<u>\$ 3,937,535</u>

Investment returns from endowments are classified as net assets with donor restrictions.

NOTE 10 d - Contributed Services

The District provides administration services consisting of office space and administrative salaries to the Foundation without charge as follows:

<u>Contribution</u>	<u>Used For</u>	<u>Amount</u>
Salaries, wages and benefits	Adminstration and fundraising	\$1,631,964
Office space	Adminstration	<u>150,450</u>
Total contributions of nonfinancial assets		<u>\$1,782,414</u>

NOTE 10 d – Contributed Services (continued)

Salaries, wages and benefits are valued based upon the actual salary and benefits cost incurred by the District that are then allocated to the Foundation based upon estimated level of effort provided to the Foundation (Level 2 inputs). Office space is valued using average local market rate of office rents of similar class and quality (Level 2 inputs).

NOTE 10 e - Fair Value Measurements

The following table sets forth the level, within the fair value hierarchy of the Foundation’s assets and liabilities subject to recurring fair value measurement, including investments measured at net asset value (“NAV”) as a practical expedient, as of June 30, 2023:

	Level 1	Investments Measured at NAV	Total
Core bond fund	\$ -	\$ 14,564,919	\$ 14,564,919
Large cap US equity index fund	-	10,566,635	10,566,635
International equity fund	-	7,402,026	7,402,026
High yield bond fund	-	4,304,439	4,304,439
Small cap US equity index fund	-	2,407,660	2,407,660
Emerging markets equity fund	-	2,367,709	2,367,709
Global real estate securities fund	-	1,793,248	1,793,248
Commodities fund	-	1,614,563	1,614,563
Low duration bond fund	-	1,250,993	1,250,993
Partnerships	-	8,844,489	8,844,489
Hedge fund	-	2,196,084	2,196,084
Money market funds	20,846	-	20,846
	<u>\$ 20,846</u>	<u>\$ 57,312,765</u>	<u>\$ 57,333,611</u>

The Foundation did not have any Level 2 or Level 3 investments as of June 30, 2023. The Foundation has no other assets or liabilities subject to fair value measurement other than at initial recognition.

NOTE 10 f - Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at June 30, 2023:

Restricted for purposes or periods:	
Scholarship awards and program support	\$ 13,360,742
Accumulated endowment earnings subject to spending policy	<u>8,022,033</u>
	21,382,775
Restricted in perpetuity:	
Pledges receivable	249,959
Cash surrender value of life insurance	215,973
Endowment fund subject to the Foundation’s spending policy	<u>36,525,054</u>
Total net assets restricted in perpetuity	<u>36,990,986</u>
Total net assets with restrictions	<u>\$ 58,373,761</u>

Net assets released from restriction for the year ended June 30, 2023 consisted of the following:

Program support	\$ 3,977,475
Scholarships	3,704,644
Administrative fees	<u>590,026</u>
Total net assets released from restriction	<u>\$ 8,272,145</u>

NOTE 10 g - Endowments

The Foundation’s endowments include only donor-restricted endowment funds. As required by GAAP, 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 ARS§10-11801 et seq Management of Charitable Funds Act (“MCFA”). The Board of Directors of the Foundation has interpreted MCFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions to be held in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions to be held in perpetuity are classified as net assets with donor restriction for purpose or periods until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by MCFA. In accordance with MCFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

NOTE 10 g - Endowments (continued)

- (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 changes in endowment net assets for the year ended June 30, 2023 are as follows:

	With donor restrictions
Endowment net assets, July 1, 2022	\$ 42,049,342
Contributions and pledge collections	1,095,953
Interest and dividends, net of fees	162,097
Realized and unrealized gains	2,886,035
Appropriation of endowment assets for expenditure	<u>(1,646,340)</u>
Endowment net assets, June 30, 2023	<u>\$ 44,547,087</u>

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, 3.75% for the year ended June 30, 2023 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 were below the original contributed amount, 3.75% of the three-year average at the end of the year were not eligible for disbursement for the year ended June 30, 2023. Actual investment earnings, in excess of (or less than) distribution, are added to (subtracted from) the endowment principal and available for future disbursements. If these amounts are not fully disbursed within a one-year period, the remaining amounts are transferred back to the endowment funds. For the year ended June 30, 2023 earnings of approximately \$1,488,000 were eligible to be distributed for scholarships and program support. The unused funds of approximately \$273,000 were maintained in the endowment funds to be used for future disbursements as of June 30, 2023. For the year ended June 30, 2023, the

NOTE 10 g - Endowments (continued)

Foundation transferred approximately \$104,000 from operational reserves in order to reduce the appropriation of endowment assets for expenditures.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or MCFA requires the Foundation to retain as a fund of perpetual duration. The Foundation does not charge administrative fees to underwater funds, however will continue to spend for programs or scholarships as requested. These deficiencies resulted primarily from unfavorable market fluctuations. The balance of these funds as of June 30, 2023 is as follows:

Total corpus of underwater funds	\$	2,974,986
Less: asset value of underwater funds		<u>(2,705,975)</u>
Underwater fund balance	\$	<u>269,011</u>

Required
Supplementary
Information

**Maricopa County Community College District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
June 30, 2023**

Arizona State Retirement System	Reporting Fiscal Year (Measurement Date)									
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
District's proportion of the net pension liability	3.27%	3.44%	3.45%	3.34%	3.54%	3.67%	3.66%	3.56%	3.83%	Information Not Available
District's proportionate share of the net pension liability	\$533,943,916	\$452,179,424	\$596,910,744	\$485,934,650	\$493,690,078	\$571,750,292	\$591,099,729	\$ 554,292,685	\$567,149,473	
District's covered payroll	\$379,454,597	\$378,240,504	\$370,215,836	\$343,058,053	\$342,659,110	\$339,768,356	\$338,143,867	\$ 336,503,471	\$339,248,495	
District's proportionate share of the net pension liability as a percentage of its covered payroll	71.07%	83.65%	62.02%	70.60%	69.41%	59.43%	57.21%	60.71%	59.82%	
Plan fiduciary net position as a percentage of the total pension liability	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	

**Maricopa County Community College District
Required Supplementary Information
Schedule of District Pension Contributions
June 30, 2023**

Arizona State
Retirement
System

Reporting Fiscal Year

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 47,900,700	\$ 45,621,359	\$ 44,159,652	\$ 42,946,457	\$ 37,771,104	\$ 37,349,843	\$ 36,624,158	\$ 36,678,831	\$ 36,569,171	\$ 36,299,589
District's contributions in relation to the statutorily required contribution	\$ 47,900,700	\$ 45,621,359	\$ 44,159,652	\$ 42,946,457	\$ 37,771,104	\$ 37,349,843	\$ 36,624,158	\$ 36,678,831	\$ 36,569,171	\$ 36,299,589
District's contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered payroll	\$402,035,087	\$379,454,597	\$378,240,504	\$370,215,836	\$343,058,053	\$342,659,110	\$339,768,356	\$338,143,867	\$336,503,471	\$339,248,495
District's contributions as a percentage of covered payroll	11.91%	12.02%	11.68%	11.60%	11.01%	10.90%	10.78%	10.85%	10.87%	10.70%

Supplemental Information

Maricopa County Community College District
Schedule of Revenues, Expenses, and Changes in Net Position
By College/Center
For the Year Ended June 30, 2023

	<u>Phoenix College</u>	<u>Glendale Community College</u>	<u>GateWay Community College</u>	<u>Mesa Community College</u>	<u>Scottsdale Community College</u>
Operating revenues:					
Tuition and fees, net of scholarship allowance	\$ 10,182,688	\$ 14,654,550	\$ 7,090,370	\$ 22,558,395	\$ 9,393,946
Other	479,540	410,413	1,546,391	995,777	769,100
Total operating revenues	<u>10,662,228</u>	<u>15,064,963</u>	<u>8,636,761</u>	<u>23,554,172</u>	<u>10,163,046</u>
Operating expenses:					
Educational and general:					
Instruction	32,379,146	44,665,786	20,203,145	52,193,368	26,997,408
Public service	151,951	16,155	129,757	393,466	26,440
Academic support	9,582,482	14,945,841	3,830,303	12,954,511	7,296,721
Student services	8,101,507	9,976,875	6,440,471	12,037,868	6,735,584
Institutional support	12,387,891	14,190,035	10,659,943	27,204,910	6,220,498
Operation and maintenance of plant	11,775,238	15,709,773	5,496,805	13,705,806	8,934,194
Student financial assistance	12,783,951	11,333,007	5,461,912	16,576,822	3,273,764
Auxiliary enterprises	3,096,616	2,520,439	13,953,721	4,119,897	2,737,183
Depreciation	5,297,449	4,559,554	5,987,881	6,204,869	4,503,127
Total operating expenses	<u>95,556,231</u>	<u>117,917,465</u>	<u>72,163,938</u>	<u>145,391,517</u>	<u>66,724,919</u>
Operating loss	<u>(84,894,003)</u>	<u>(102,852,502)</u>	<u>(63,527,177)</u>	<u>(121,837,345)</u>	<u>(56,561,873)</u>
Nonoperating revenues (expenses):					
Property taxes	48,625,576	66,607,505	40,049,912	81,819,507	44,873,756
State appropriations	832,654	1,153,053	482,984	1,332,820	574,140
Smart and Safe AZ fund appropriations	2,697,216	3,735,084	1,564,530	4,317,401	1,859,811
State-shared sales tax	226,538	-	304,542	-	-
Government grants and contracts	32,334,513	32,481,447	21,213,340	33,116,528	8,470,917
Private grants and contracts	5,138	97,717	56,304	88,202	340
Private gifts	770,861	871,519	326,814	1,501,489	790,955
Investment earnings, net of investment expense	14,766	5,497	1,362	765	764
Interest expense on debt	-	-	(83,124)	-	(3,624)
Gain (loss) on sale/disposal of capital assets	(9,385)	(23,203)	(441,743)	(339,367)	(5,186)
Total nonoperating revenues and expenses	<u>85,497,877</u>	<u>104,928,619</u>	<u>63,474,921</u>	<u>121,837,345</u>	<u>56,561,873</u>
Income (loss) before other revenues, expenses, gains or losses	603,874	2,076,117	(52,256)	-	-
Capital grants and gifts	32,249	4,698	52,256	-	-
Increase in net position	<u>636,123</u>	<u>2,080,815</u>	<u>-</u>	<u>-</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>
\$ 27,473,660	\$ 2,904,490	\$ 16,545,222	\$ 7,173,064	\$ 8,324,557	\$ 794,186	\$ 127,095,128
1,023,119	206,769	511,057	266,130	415,048	9,783,399	16,406,743
<u>28,496,779</u>	<u>3,111,259</u>	<u>17,056,279</u>	<u>7,439,194</u>	<u>8,739,605</u>	<u>10,577,585</u>	<u>143,501,871</u>
15,931,143	10,721,584	26,867,564	22,041,974	19,096,780	868,844	271,966,742
12,891,806	7,246	12,704	8,686	9,392	4,076,714	17,724,317
19,491,327	3,854,161	9,903,086	3,334,495	9,333,921	7,100,936	101,627,784
6,512,832	4,791,887	8,020,624	5,376,379	5,264,616	3,599,873	76,858,516
18,196,608	6,152,548	9,806,934	9,455,735	9,275,597	133,603,095	257,153,794
6,252,409	4,696,884	8,161,670	7,621,231	3,754,136	5,102,794	91,210,940
4,560,982	6,536,904	5,079,557	3,772,746	7,135,141	531,032	77,045,818
7,620,255	696,310	1,523,451	981,870	234,414	1,170,883	38,655,039
2,666,653	3,097,474	4,731,234	4,055,967	4,159,103	9,725,547	54,988,858
<u>94,124,015</u>	<u>40,554,998</u>	<u>74,106,824</u>	<u>56,649,083</u>	<u>58,263,100</u>	<u>165,779,718</u>	<u>987,231,808</u>
<u>(65,627,236)</u>	<u>(37,443,739)</u>	<u>(57,050,545)</u>	<u>(49,209,889)</u>	<u>(49,523,495)</u>	<u>(155,202,133)</u>	<u>(843,729,937)</u>
65,989,837	24,283,985	57,039,386	38,134,906	37,902,370	117,860,744	623,187,484
1,523,882	286,991	1,104,850	502,393	791,133	-	8,584,900
4,936,307	929,648	3,578,939	1,627,399	2,562,716	-	27,809,051
-	-	-	-	-	18,805,451	19,336,531
21,325,547	11,517,308	7,781,964	8,566,878	21,754,225	4,515,479	203,078,146
1,346,854	16,928	4,412	93,151	65,867	2,484,921	4,259,834
9,450,581	433,864	731,097	300,136	724,581	-	15,901,897
3,387	35,900	-	-	-	13,829,024	13,891,465
-	-	(14,164)	-	-	(2,139,414)	(2,240,326)
<u>(19,858)</u>	<u>(60,885)</u>	<u>(13,245)</u>	<u>(19,974)</u>	<u>(10,069)</u>	<u>(154,072)</u>	<u>(1,096,987)</u>
<u>104,556,537</u>	<u>37,443,739</u>	<u>70,213,239</u>	<u>49,204,889</u>	<u>63,790,823</u>	<u>155,202,133</u>	<u>912,711,995</u>
38,929,301	-	13,162,694	(5,000)	14,267,328	-	68,982,058
106,830	-	-	5,000	-	-	201,033
<u>39,036,131</u>	<u>-</u>	<u>13,162,694</u>	<u>-</u>	<u>14,267,328</u>	<u>-</u>	<u>69,183,091</u>
						<u>622,823,440</u>
						\$ <u>692,006,531</u>

Maricopa County Community College District
Notes to Supplemental Information
For the Year Ended June 30, 2023

NOTE 1 - Statement of Purpose

The Maricopa County Community College District Statement of Revenues, Expenses, and Changes in Net Position by College/Center for the Year Ended June 30, 2023, 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 - Bases of Allocations

The District receives and records property tax revenue, state appropriations, and Smart and Safe Arizona fund appropriations 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. Pension expense is allocated to the colleges on the basis of pension contributions for the fiscal year.

Maricopa Skill Center, Southwest Skill Center, and Northwest Skill Center are included with GateWay Community College.



Statistical Section

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

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

	Fiscal Year				
	2022-23	2021-22	2020-21	2019-20	2018-19
Net investment in capital assets	\$ 517,893	\$ 493,844	\$ 442,940	\$ 397,965	\$ 356,740
Restricted – nonexpendable	340	334	342	428	402
Restricted – expendable	122,386	89,168	124,154	116,526	127,319
Unrestricted	51,388	39,477	(18,546)	(12,605)	(10,668)
Total net position	692,007	\$ 622,823	\$ 548,890	\$ 502,314	\$ 473,793

	Fiscal Year				
	2017-18	2016-17	2015-16	2014-15	2013-14
Net investment in capital assets	\$ 371,049	\$ 313,960	\$ 279,671	\$ 289,058	\$ 272,857
Restricted – nonexpendable	363	315	332	591	569
Restricted – expendable	107,654	115,328	109,527	104,437	105,191
Unrestricted	(55,386)	(67,887)	(98,602)	(143,584)	436,819
Total net position	\$ 423,680	\$ 361,716	\$ 290,928	\$ 250,502	\$ 815,436

Source: Annual Comprehensive Financial Reports for years presented.

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

	Fiscal Year				
	2022-23	2021-22	2020-21	2019-20	2018-19
Instruction	\$ 271,967	\$ 278,488	\$ 274,679	\$ 273,761	\$ 263,917
Public service	17,724	17,892	18,689	17,999	16,747
Academic support	101,628	101,620	92,046	88,685	79,667
Student services	76,858	79,050	74,169	76,149	78,808
Institutional support	257,154	202,990	200,220	183,448	159,504
Operation and maintenance of plant	91,211	81,734	88,122	88,547	81,543
Student financial assistance	77,046	151,852	95,842	97,523	77,996
Auxiliary enterprises	38,655	34,345	33,624	45,266	46,017
Depreciation	54,989	50,799	49,909	52,130	56,235
Other	-	-	-	-	-
Total operating expenses	<u>987,232</u>	<u>998,770</u>	<u>927,300</u>	<u>923,508</u>	<u>860,434</u>
Interest expense on debt	2,240	3,685	6,423	9,146	11,502
Loss on sale/disposal of capital assets	1,097	179	418	183	1,456
Total nonoperating expenses	<u>3,337</u>	<u>3,864</u>	<u>6,841</u>	<u>9,329</u>	<u>12,958</u>
Total expenses	<u>\$ 990,569</u>	<u>\$ 1,002,634</u>	<u>\$ 934,141</u>	<u>\$ 932,837</u>	<u>\$ 873,392</u>

	Fiscal Year				
	2017-18	2016-17	2015-16	2014-15	2013-14
Instruction	\$ 259,568	\$ 265,767	\$ 277,994	\$ 291,503	\$ 284,652
Public service	17,842	19,256	16,167	16,380	16,811
Academic support	81,846	79,601	82,490	87,384	86,963
Student services	78,458	77,676	76,318	73,666	72,056
Institutional support	131,860	120,552	111,309	112,298	116,376
Operation and maintenance of plant	58,338	52,089	76,013	68,609	69,430
Student financial assistance	81,901	79,793	86,584	96,914	102,958
Auxiliary enterprises	57,407	53,451	52,908	50,662	48,480
Depreciation	50,523	51,830	56,114	50,077	48,271
Other	3	68	217	447	340
Total operating expenses	<u>817,746</u>	<u>800,083</u>	<u>836,114</u>	<u>847,940</u>	<u>846,337</u>
Interest expense on debt	14,236	15,269	20,862	22,512	24,779
Loss on sale/disposal of capital assets	4,759	2,904	3,103	875	2,397
Total nonoperating expenses	<u>18,995</u>	<u>18,173</u>	<u>23,965</u>	<u>23,387</u>	<u>27,176</u>
Total expenses	<u>\$ 836,741</u>	<u>\$ 818,256</u>	<u>\$ 860,079</u>	<u>\$ 871,327</u>	<u>\$ 873,513</u>

Source: Annual Comprehensive Financial Reports for years presented

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

	Fiscal Year				
	2022-23	2021-22	2020-21	2019-20	2018-19
Salaries and benefits	\$ 642,681	\$ 601,876	\$ 592,755	\$ 581,187	\$ 526,941
Contract services	97,832	98,122	90,870	96,419	99,322
Financial aid	78,721	155,184	99,651	103,772	83,799
Depreciation	54,989	50,799	49,909	52,130	56,235
Communications, utilities, and travel	23,107	20,043	17,200	20,232	24,069
Noncapitalized equipment	54,593	40,579	46,878	38,875	39,611
Supplies and materials	17,250	16,346	15,682	18,118	17,873
Subscriptions, dues, insurance, and rentals	18,059	15,821	14,355	12,775	12,584
Other expenses	-	-	-	-	-
Total operating expenses	<u>987,232</u>	<u>998,770</u>	<u>927,300</u>	<u>923,508</u>	<u>860,434</u>
Interest expense on debt	2,240	3,685	6,423	9,146	11,502
Loss on sale/disposal of capital assets	1,097	179	418	183	1,456
Total nonoperating expenses	<u>3,337</u>	<u>3,864</u>	<u>6,841</u>	<u>9,329</u>	<u>12,958</u>
Total expenses	<u>\$ 990,569</u>	<u>\$ 1,002,634</u>	<u>\$ 934,141</u>	<u>\$ 932,837</u>	<u>\$ 873,392</u>

	Fiscal Year				
	2017-18	2016-17	2015-16	2014-15	2013-14
Salaries and benefits	\$ 518,498	\$ 522,950	\$ 519,206	\$ 542,016	\$ 533,597
Contract services	87,210	79,842	74,420	77,727	64,118
Financial aid	87,171	84,382	93,232	103,414	110,664
Depreciation	50,523	51,830	56,114	50,077	48,271
Communications, utilities, and travel	23,057	23,834	24,849	24,421	23,310
Noncapitalized equipment	21,339	9,166	39,659	19,746	20,065
Supplies and materials	17,343	16,438	16,788	17,369	21,100
Subscriptions, dues, insurance, and rentals	12,605	11,641	11,846	10,565	10,339
Other expenses	-	-	-	2,605	14,873
Total operating expenses	<u>817,746</u>	<u>800,083</u>	<u>836,114</u>	<u>847,940</u>	<u>846,337</u>
Interest expense on debt	14,236	15,269	20,862	22,512	24,779
Loss on sale/disposal of capital assets	4,759	2,904	3,103	875	2,397
Total nonoperating expenses	<u>18,995</u>	<u>18,173</u>	<u>23,965</u>	<u>23,387</u>	<u>27,176</u>
Total expenses	<u>\$ 836,741</u>	<u>\$ 818,256</u>	<u>\$ 860,079</u>	<u>\$ 871,327</u>	<u>\$ 873,513</u>

Source: Annual Comprehensive Financial Reports for years presented.

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

	Fiscal Year				
	2022-2023	2021-2022	2020-2021	2019-20	2018-19
Tuition and fees, net of scholarship allowance	\$ 127,095	\$ 126,321	\$ 108,818	\$ 148,243	\$ 150,269
Other	16,407	40,631	6,845	9,100	10,072
Total operating revenues	<u>143,502</u>	<u>166,952</u>	<u>115,663</u>	<u>157,343</u>	<u>160,341</u>
Property taxes	623,187	606,253	595,673	579,336	564,758
State appropriations	8,585	12,000	1,600	7,400	-
Smart and Safe Arizona fund appropriations	27,809	25,714	4,614	-	-
State-shared sales tax	19,337	18,987	16,663	13,452	12,228
Government grants and contracts	203,078	239,136	230,449	171,092	151,942
Private grants and contracts	4,260	-	2,072	3,747	2,976
Private gifts	15,902	11,423	13,368	16,592	15,820
Investment income, net of investment expense	13,891	(3,979)	512	12,208	15,398
Gain on sale/disposal of capital assets	-	-	-	-	-
Total nonoperating revenues	<u>916,049</u>	<u>909,534</u>	<u>864,951</u>	<u>803,827</u>	<u>763,122</u>
Total revenues	<u>\$ 1,059,551</u>	<u>\$ 1,076,486</u>	<u>\$ 980,614</u>	<u>\$ 961,170</u>	<u>\$ 923,463</u>

	Fiscal Year				
	2017-18	2016-17	2015-16	2014-15	2013-14
Tuition and fees, net of scholarship allowance	\$ 150,564	\$ 154,548	\$ 154,866	\$ 155,484	\$ 153,195
Other	10,641	8,321	18,698	12,480	11,596
Total operating revenues	<u>161,205</u>	<u>162,869</u>	<u>173,564</u>	<u>167,964</u>	<u>164,791</u>
Property taxes	545,570	536,564	527,357	517,731	497,466
State appropriations	-	-	-	7,410	7,914
Smart and Safe Arizona fund appropriations	-	-	-	-	-
State-shared sales tax	11,328	10,463	9,982	9,629	8,928
Government grants and contracts	156,014	156,249	167,627	186,040	195,169
Private grants and contracts	2,484	1,589	4,608	2,567	2,454
Private gifts	15,841	16,493	13,218	13,260	14,029
Investment income, net of investment expense	5,906	3,118	3,753	2,341	2,728
Gain on sale/disposal of capital assets	-	-	-	-	-
Total nonoperating revenues	<u>737,143</u>	<u>724,476</u>	<u>726,545</u>	<u>738,978</u>	<u>728,688</u>
Total revenues	<u>\$ 898,348</u>	<u>\$ 887,345</u>	<u>\$ 900,109</u>	<u>\$ 906,942</u>	<u>\$ 893,479</u>

Source: Annual Comprehensive Financial Reports for years presented

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

	Fiscal Year				
	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
Income (loss) before other changes in net position	\$ 68,982	\$ 73,853	\$ 46,473	\$ 28,333	\$ 50,071
Capital appropriations	-	-	-	-	-
Capital grants and gifts	201	81	102	188	42
Total change in net position	<u>\$ 69,183</u>	<u>\$ 73,934</u>	<u>\$ 46,575</u>	<u>\$ 28,521</u>	<u>\$ 50,113</u>

	Fiscal Year				
	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
Income (loss) before other changes in net position	\$ 61,607	\$ 69,088	\$ 40,029	\$ 35,614	\$ 19,966
Capital appropriations	-	-	-	-	-
Capital grants and gifts	357	1,700	396	1,541	408
Total change in net position	<u>\$ 61,964</u>	<u>\$ 70,788</u>	<u>\$ 40,425</u>	<u>\$ 37,155</u>	<u>\$ 20,374</u>

Source: Annual Comprehensive Financial Reports for years presented.

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

Fiscal Year	Property Values Assessed			Total Direct Tax Rate	Total Secured and Unsecured Estimated Market Value	Total Secondary Assessed Value as a Percent of Total Market Value
	Secured	Unsecured	Total			
2022-23	\$ 49,855,345	\$ 1,719,673	\$ 51,575,018	1.1894	\$ 717,773,815	7.2 %
2021-22	47,172,988	1,551,139	48,724,127	1.2257	663,161,039	7.3
2020-21	44,233,928	1,471,041	45,704,970	1.2881	607,928,073	7.5
2019-20	41,687,136	1,507,190	43,194,326	1.3285	552,974,238	7.8
2018-19	39,174,219	1,249,013	40,423,232	1.3754	508,477,424	7.9
2017-18	36,915,364	1,336,527	38,251,891	1.4096	475,077,340	8.1
2016-17	34,806,837	1,328,657	36,135,494	1.4651	443,207,235	8.2
2015-16	33,326,722	1,296,948	34,623,670	1.4940	403,013,955	8.6
2014-15	33,658,024	1,421,622	35,079,646	1.5187	339,536,632	10.3
2013-14	30,817,627	1,411,380 (1)	32,229,007	1.5340	310,300,015	10.4

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

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

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

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

**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
2022-23	\$ 1.0865	\$ 0.1029	\$ 1.1894	\$ 1.46	\$ 0.00	\$ 0.14	\$ 0 - 4.34	\$ 1.28 - 9.08	\$ 0 - 3.21
2021-22	1.1112	0.1145	1.2257	1.58	0.43	0.14	0 - 4.84	1.09 - 9.52	0 - 3.39
2020-21	1.1250	0.1631	1.2881	1.64	0.44	0.14	0 - 5.30	1.30 - 9.15	0 - 3.68
2019-20	1.1565	0.1720	1.3285	1.64	0.46	0.14	0 - 5.80	1.20 - 9.01	0 - 3.74
2018-19	1.1708	0.2046	1.3754	1.64	0.47	0.14	0 - 5.69	.99 - 10.62	0 - 3.96
2017-18	1.1956	0.2140	1.4096	1.64	0.49	0.14	0 - 6.69	.90 - 11.05	0 - 3.99
2016-17	1.2376	0.2275	1.4651	1.64	0.50	0.14	0 - 8.70	.75 - 11.10	0 - 3.97
2015-16	1.2628	0.2312	1.4940	1.58	0.51	0.14	0 - 7.12	.85 - 11.14	0 - 3.97
2014-15	1.2824	0.2363	1.5187	1.52	0.51	0.14	0 - 5.61	.77 - 10.64	0 - 3.75
2013-14	1.2896	0.2444	1.5340	1.46	0.51	0.14	0 - 5.30	.75 - 10.22	0 - 4.04

Source: District records and Maricopa County Department of Finance.

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

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

Taxpayer	Fiscal Year 2022-23			Fiscal Year 2013-14		
	2022-2023 Secondary Assessed Value	Rank	Percentage of 2022-2023 Secondary Assessed Value	2013-2014 Secondary Assessed Value	Rank	Percentage of 2013-2014 Secondary Assessed Value
Arizona Public Service Company	\$ 1,464,847,635	1	2.84 %	\$ 1,083,144,495	1	3.36 %
Southwest Gas Corp	222,376,377	2	0.43	147,481,461	3	0.46
Southern California Edison Co.	134,315,093	3	0.26	128,749,055	4	0.40
Wal-Mart Stores Inc.	121,683,210	4	0.24	81,668,598	6	0.25
El Paso Electric Co.	102,916,295	5	0.20	124,582,571	5	0.39
Smith Foods	76,421,200	6	0.15	*		-
Target Corporation	86,963,656	7	0.17	*		-
Qwest Corporation	79,431,983	8	0.15	153,665,296	2	0.48
Esplanade Owner LP	78,117,951	9	0.15	*		-
Intel Corporation	75,172,887	10	0.15	*		-
Mesquite Power LLC	*		-	79,950,000	7	0.25
Sundevil Power Holdings, LLC	*		-	73,220,160	8	0.23
Public Service Company of New Mexico	*		-	72,976,296	9	0.23
Verizon Wireless	*		-	67,380,641	10	0.21
Total Principal Taxpayers	\$ 2,442,246,287		4.74 %	\$ 2,012,818,573		6.26 %
Countywide Secondary Valuation	\$ 51,575,018,185			\$ 32,229,006,810		

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

Source: Maricopa County Assessor's Office.

Note: Salt River Project, a local utility, pays an in-lieu tax based on an estimated assessed valuation. The net assessed valuation for tax year 2022 is \$ 818,889,000.

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

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)			Collected within the Fiscal Year of the Levy		Total Collections to Date		
	Adjustments	Total Adjusted Levy	Amount	Percentage of Original Levy	Collections in Subsequent Years	Amount	Percentage of Adjusted Levy	
2022-23	564,251,179	(3,983,002)	\$ 560,268,177	552,380,362	97.90 %	-	\$ 552,380,362	98.59 %
2021-22	542,683,443	(2,407,097)	540,276,346	533,215,350	98.26	6,796,746	540,012,095	99.95
2020-21	515,497,641	(2,595,802)	512,901,839	506,678,387	98.29	6,064,854	512,743,240	99.97
2019-20	497,266,795	(2,297,402)	494,969,393	486,796,521	97.89	8,149,651	494,946,173	100.00
2018-19	474,047,249	(3,812,885)	470,234,364	466,256,591	98.36	3,867,967	470,124,558	99.98
2017-18	457,154,415	(3,020,110)	454,134,306	449,084,596	98.23	4,970,978	454,055,574	99.98
2016-17	447,988,858	(3,810,936)	444,177,922	439,720,330	98.15	4,361,246	444,081,576	99.98
2015-16	438,915,649	(3,423,158)	435,492,491	431,453,800	98.30	3,991,501	435,445,301	99.99
2014-15	429,518,349	(3,778,081)	425,740,268	421,433,519	98.12	4,249,829	425,683,348	99.99
2013-14	412,859,522	(3,139,541)	409,719,981	404,645,803	98.01	5,043,094	409,688,897	99.99

Sources: Maricopa County Treasurer and District records.

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

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

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

District Historic Tuition and Fees

Fiscal Year	Per Credit Hour			Annual Cost Per Full-time Student	Increase	
	General Tuition	Fees	Combined Total		Dollars	Percent
2022-23	\$ 85.00	\$ -	\$ 85.00	\$ 2,550.00	\$ -	- %
2021-22	85.00	-	85.00	2,550.00	-	-
2020-21	85.00	-	85.00	2,550.00	-	-
2019-20	85.00	-	85.00	2,550.00	-	-
2018-19	85.00	-	85.00	2,550.00	(30.00)	(1.16)
2017-18	86.00	-	86.00	2,580.00	-	-
2016-17	86.00	-	86.00	2,580.00	60.00	2.38
2015-16	84.00	-	84.00	2,520.00	-	-
2014-15	84.00	- (4)	84.00	2,520.00	90.00	3.70
2013-14	79.00	2.00	81.00	2,430.00	150.00	6.58

**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
2022-23	\$ 2,550.00	- %	\$ 3,858.00 (2)	8.25 %	\$ 12,385.00	3.40 %
2021-22	2,550.00	-	3,564.00	1.74	11,978.00	0.08
2020-21	2,550.00	-	3,503.00	3.73	11,968.00	-
2019-20	2,550.00	-	3,377.00	1.96	11,968.00	3.07
2018-19	2,550.00	(1.16)	3,312.00	2.16	11,611.00	2.21
2017-18	2,580.00	-	3,242.00	2.72	11,360.00	2.73
2016-17	2,580.00	2.38	3,156.00	3.88	11,058.00	2.90
2015-16	2,520.00	-	3,038.00	2.81	10,746.00	3.65
2014-15	2,520.00	3.70	2,955.00	2.53	10,368.00	3.23
2013-14	2,430.00	6.58	2,882.00	3.22	10,044.00	3.81

Source: District records.

Note 1: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS).

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

Note 3: Arizona Board of Regents, Tuition History.

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
General Bonded Debt					
General obligation bonds, net	\$ 145,829	\$ 199,635	\$ 270,128	\$ 337,656	\$ 411,089
Per capita	\$ 31.80	\$ 44.29	\$ 60.85	\$ 77.31	\$ 95.73
Per student	\$ 880.03	\$ 1,249.26	\$ 1,667.23	\$ 1,728.97	\$ 2,104.08
Per FTSE	\$ 2,702.34	\$ 3,796.21	\$ 4,788.06	\$ 5,004.39	\$ 6,090.39
Other Debt					
Revenue bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Capital lease obligations	\$ -	\$ -	\$ -	\$ -	\$ -
Total outstanding debt	<u>\$ 145,829</u>	<u>\$ 199,635</u>	<u>\$ 270,128</u>	<u>\$ 337,656</u>	<u>\$ 411,089</u>
Per capita	\$ 31.80	\$ 44.29	\$ 60.85	\$ 77.31	\$ 95.73
Per student	\$ 880.03	\$ 1,249.26	\$ 1,667.23	\$ 1,728.97	\$ 2,104.08
Per FTSE	\$ 2,702.34	\$ 3,796.21	\$ 4,788.06	\$ 5,004.39	\$ 6,090.39

	For the Fiscal Year Ended June 30				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Bonded Debt					
General obligation bonds, net	\$ 482,323	\$ 552,588	\$ 607,995	\$ 670,567	\$ 731,665
Per capita	\$ 114.25	\$ 133.57	\$ 149.15	\$ 167.28	\$ 185.47
Per student	\$ 2,401.29	\$ 2,736.70	\$ 2,950.94	\$ 3,114.57	\$ 3,232.04
Per FTSE	\$ 6,856.54	\$ 7,666.85	\$ 8,457.53	\$ 8,805.87	\$ 9,326.04
Other Debt					
Revenue bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Capital lease obligations	\$ -	\$ -	\$ -	\$ -	\$ 25
Total outstanding debt	<u>\$ 482,323</u>	<u>\$ 552,588</u>	<u>\$ 607,995</u>	<u>\$ 670,567</u>	<u>\$ 731,690</u>
Per capita	\$ 114.25	\$ 133.57	\$ 149.15	\$ 167.28	\$ 185.48
Per student	\$ 2,401.29	\$ 2,736.70	\$ 2,950.94	\$ 3,114.57	\$ 3,232.15
Per FTSE	\$ 6,856.54	\$ 7,666.85	\$ 8,457.53	\$ 8,805.87	\$ 9,326.36

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

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

	Fiscal Year				
	2022-23	2021-22	2020-21	2019-20	2018-19
Debt Limit	\$ 7,736,252,728	7,308,619,001	\$ 6,855,745,472	\$ 6,479,148,959	\$ 6,063,484,863
Total net debt applicable to limit	<u>122,124,629</u>	<u>146,345,369</u>	<u>184,715,000</u>	<u>250,065,000</u>	<u>312,450,000</u>
Legal debt margin	<u>\$ 7,614,128,099</u>	<u>\$ 7,162,273,632</u>	<u>\$ 6,671,030,472</u>	<u>\$ 6,229,083,959</u>	<u>\$ 5,751,034,863</u>
Total net debt applicable to the limit as a percentage of debt limit	1.58%	2.00%	2.69%	3.86%	5.15%

	Fiscal Year				
	2017-18	2016-17	2015-16	2014-15	2013-14
Debt Limit	\$ 5,737,783,687	\$ 5,420,324,171	\$ 5,193,550,548	\$ 5,261,946,989	\$ 4,834,351,022
Total net debt applicable to limit	<u>380,740,000</u>	<u>445,570,000</u>	<u>534,225,000</u>	<u>593,820,000</u>	<u>654,215,000</u>
Legal debt margin	<u>\$ 5,357,043,687</u>	<u>\$ 4,974,754,171</u>	<u>\$ 4,659,325,548</u>	<u>\$ 4,668,126,989</u>	<u>\$ 4,180,136,022</u>
Total net debt applicable to the limit as a percentage of debt limit	6.64%	8.22%	10.29%	11.29%	13.53%

Legal Debt Margin Calculation for Fiscal Year 2022-23

Secondary Assessed Value of Real and Personal Property	\$ 51,575,018,185
Debt Limit, 15% of Secondary Assessed Value	<u>7,736,252,728</u>
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonded Debt	135,585,000
Leases Payable	34,804,629
Amount Available for Debt Repayment	<u>(48,265,000)</u>
Total Debt Applicable to Debt Limit	<u>122,124,629</u>
Legal Debt Margin	<u>\$ 7,614,128,099</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 2022-23, the District was at 0.24%.

**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>
2023	4,586,431	Not Available (1)	Not Available (1)	3.9 %
2022	4,507,419	288,842,282	63,461	3.4
2021	4,439,220	268,713,717	59,759	6.6
2020	4,367,835	245,077,753	53,521	9.8
2019	4,294,460	223,097,349	49,663	4.6
2018	4,221,684	210,370,180	47,694	4.2
2017	4,137,076	196,286,191	45,573	4.5
2016	4,076,438	185,111,698	43,628	5.3
2015	4,008,651	175,437,829	42,092	5.4
2014	3,944,859	168,483,421	41,222	6.5

Source: Arizona Department of Administration, Office of Employment and Population Statistics at www.azstats.gov, Bureau of Labor Statistics, and Bureau of Economic Analysis.

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

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

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

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

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

Employer	Fiscal Year 2022-23			Fiscal Year 2013-14		
	Number of Full-Time Equivalent Employees in Arizona	Rank	Percentage of Total MSA Employment	Number of Full-Time Equivalent Employees in Arizona	Rank	Percentage of Total MSA Employment
Banner Health	43,440	1	1.70 %	30,266	3	1.52 %
State of Arizona	41,564	2	1.63	48,910	1	2.45
Walmart Inc.	36,931	3	1.45	32,438	2	1.63
Arizona State University	35,719	4	1.40	12,229	7	0.61
Amazon.com Inc.	33,000	5	1.29	*	*	-
University of Arizona	22,089	6	0.87	*	*	-
Fry's Food Stores	20,000	7	0.78	*	*	-
Maricopa County	15,550	8	0.61	13,341	6	0.67
City of Phoenix	14,500	9	0.57	14,875	4	0.75
Wells Fargo & Co.	14,315	10	0.56	14,126	5	0.71
Intel Corp.	*	*	-	11,700	8	0.59
Scottsdale Lincoln Health Network	*	*	-	10,500	9	0.53
Honeywell Aerospace	*	*	-	10,000	10	0.50
Total Principal Employers	277,108		10.86 %	198,385		9.96 %
Total Employment in Phoenix-Mesa-Glendale, AZ, Metropolitan Statistical Area as of June 30	2,549,413		0	1,992,642		

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

Source: The Business Journal, Book of Lists.

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

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

	For the Fiscal Year Ended June 30				
	2023	2022	2021	2020	2019
Faculty					
Part-time	4,726	4,739	5,088	4,230	3,550
Full-time	1,413	1,435	1,425	1,458	1,501
Administrative & support staff					
Part-time	1,806	1,729	1,760	1,960	2,035
Full-time	3,200	3,222	3,274	3,222	3,091
Total employees	11,145	11,125	11,547	10,870	10,177
Students per faculty member	27	26	25	34	39
Students per staff member	33	32	32	38	38
Average class size	16	21	20	20	20

	For the Fiscal Year Ended June 30				
	2018	2017	2016	2015	2014
Faculty					
Part-time	4,258	4,458	4,822	5,089	5,126
Full-time	1,489	1,476	1,419	1,500	1,592
Administrative & support staff					
Part-time	1,838	1,959	1,965	1,894	126
Full-time	2,994	2,933	3,024	2,971	3,012
Total employees	10,579	10,826	11,230	11,454	9,856
Students per faculty member	35	34	33	33	34
Students per staff member	42	41	41	44	72
Average class size	20	20	20	21	21

Source: District records for Integrated Postsecondary Education Data System (IPEDS).

Notes: Data is as of November 1st of the fiscal year.

The method for calculating adjunct faculty changed effective FY2021 to include Active employees per HCM Job Data.

The source for the data changed effective with FY2016 and all prior years have been restated.

The method for calculating part time administrative and support staff changed effective FY2015.

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

Historic Headcount

<u>College/Center</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
Phoenix	15,475	14,232	14,469	16,807	16,719	17,335	17,100	17,382	17,804	19,008
Glendale	20,240	20,921	20,920	25,913	26,054	27,350	27,263	27,947	29,306	30,926
GateWay	7,474	7,364	7,371	7,776	7,685	7,660	7,876	8,495	9,592	10,444
Mesa	24,243	24,462	25,089	30,236	29,837	30,010	30,154	30,770	33,238	36,054
Scottsdale	11,435	11,583	11,706	13,271	13,022	13,652	14,023	14,760	14,770	15,384
Rio Salado	33,974	30,625	33,734	42,086	41,496	42,716	43,882	45,317	46,836	48,333
South Mountain	5,294	5,243	5,205	6,022	5,877	5,909	5,707	5,772	6,159	6,801
Chandler-Gilbert	18,773	18,291	17,704	20,133	19,552	19,559	19,402	19,040	19,225	19,297
Paradise Valley	9,156	9,286	9,656	11,793	12,170	12,427	12,586	12,516	13,314	14,198
Estrella Mountain	12,951	12,086	11,828	14,262	13,772	13,715	13,080	12,571	12,994	13,009
Skill Centers	801	550	913	924	1,005	1,138	1,190	1,461	1,752	1,681
Adult Basic Education	5,893	5,159	3,427	6,070	8,188	9,389	9,655	10,003	10,310	11,244
Total	165,709	159,802	162,022	195,293	195,377	200,860	201,918	206,034	215,300	226,379

Historic FTSE

<u>College/Center</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
Phoenix	5,233	4,733	5,136	6,079	6,021	6,396	6,453	6,621	6,753	6,977
Glendale	7,234	7,358	7,756	9,904	10,152	10,799	10,965	11,229	11,799	12,390
GateWay	2,665	2,598	2,660	2,821	2,777	2,953	2,962	3,128	3,310	3,482
Mesa	8,363	8,485	9,315	11,508	11,499	11,438	12,022	12,136	13,148	13,886
Scottsdale	3,609	3,639	4,101	4,480	4,490	4,896	5,053	5,288	5,362	5,622
Rio Salado	8,835	8,208	9,375	11,108	10,543	11,149	11,736	11,518	12,494	12,584
South Mountain	1,804	1,787	1,880	2,246	2,243	2,305	2,278	2,318	2,423	2,586
Chandler-Gilbert	6,944	6,736	6,909	8,042	7,905	7,939	7,968	7,828	7,894	7,936
Paradise Valley	3,158	3,250	3,669	4,300	4,332	4,564	4,749	4,641	4,882	5,109
Estrella Mountain	4,973	4,625	4,842	5,915	5,832	5,799	5,694	5,362	5,522	5,330
Skill Center	372	550	463	463	589	759	902	498	1,137	1,220
Adult Basic Education	774	619	311	606	1,115	1,347	1,293	1,321	1,426	1,332
Total	53,964	52,588	56,417	67,472	67,498	70,344	72,075	71,888	76,150	78,454

Degrees and Certificates Awarded

	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
Associate of Arts	3,847	4,682	4,765	5,553	5,947	5,920	5,409	5,537	5,040	4,947
Associate of Applied Science	3,158	3,389	3,229	3,342	3,167	3,098	3,249	3,273	3,403	3,429
Associate of Business	780	824	736	871	895	850	843	955	796	833
Associate of General Studies	390	379	420	594	776	810	617	631	655	690
Associate in Science	652	763	751	1,048	1,044	1,052	931	954	891	825
Academic Certificate	140	78	74	113	121	119	130	145	158	196
Certificates of Completion in Occupational Programs	10,047	7,426	6,326	8,164	7,264	7,437	7,863	8,728	9,118	9,128
Arizona General Education Certificate	5,164	6,394	6,135	7,446	7,831	7,795	7,235	7,685	6,954	6,812

Source: District records.

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

**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
2022-23	28 %	72 %	* %	* %	* %	90 %	3 %	7 %
2021-22	29	71	*	*	*	90	3	7
2020-21	32	68	*	*	*	90	3	7
2019-20	31	69	*	*	*	92	3	5
2018-19	31	69	*	*	*	92	3	5
2017-18	32	68	58	25	17	94	2	4
2016-17	32	68	58	25	17	94	2	4
2015-16	27	73	57	25	18	93	3	4
2014-15	28	72	57	25	18	93	3	4
2013-14	28	72	46	39	15	92	3	5

Fiscal Year	Gender		Ethnic Background						Median Age
	M	F	Native American	Asian	African American	Hispanic	Anglo	Other	
2022-23	42 %	58 %	2 %	5 %	6 %	39 %	41 %	7 %	24
2021-22	41	59	2	5	6	37	43	7	21
2020-21	40	60	2	4	6	36	44	8	21
2019-20	42	58	2	4	6	36	43	9	21
2018-19	43	57	2	5	6	35	44	8	21
2017-18	43	57	2	5	7	33	43	10	21
2016-17	44	56	3	5	8	29	45	10	21
2015-16	44	56	3	5	8	27	47	10	21
2014-15	44	56	3	5	8	26	48	10	22
2013-14	44	56	3	5	8	25	50	9	22

Source: District records.

Note: * Data for breakdown of enrollment status is not currently available, but will be updated when it is available.

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

Location	Fiscal Year									
	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Phoenix										
Total Square Footage	778,700	778,700	778,700	778,700	778,700	778,700	759,403	759,403	753,589	753,589
Total Acreage	66.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0	66.0	65.7
Glendale										
Total Square Footage	810,831	810,831	810,831	810,831	810,831	810,831	834,028	832,028	809,889	809,889
Total Acreage	313.0	313.0	313.0	313.0	313.0	313.0	313.0	313.1	313.1	314.0
GateWay										
Total Square Footage	554,129	554,129	554,129	554,129	554,129	554,868	532,697	532,697	532,697	532,697
Total Acreage	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	42.0
Mesa										
Total Square Footage	1,046,271	1,046,271	1,046,271	1,046,271	1,046,271	1,046,271	1,036,593	1,036,593	1,019,257	998,333
Total Acreage	248.6	248.6	248.6	248.6	248.6	248.6	248.6	248.6	248.6	248.9
Scottsdale										
Total Square Footage	594,451	594,451	594,451	594,451	594,451	595,890	564,437	564,437	563,937	570,943
Total Acreage	162.2	162.2	162.2	162.2	162.2	162.2	162.2	162.2	162.2	168.0
Rio Salado										
Total Square Footage	435,544	435,544	435,544	435,544	435,544	435,544	435,544	462,521	465,521	465,521
Total Acreage	31.4	31.4	31.4	31.4	31.4	31.4	31.4	31.4	31.4	31.0
South Mountain										
Total Square Footage	370,671	352,484	352,484	352,484	352,484	352,484	302,010	302,010	302,010	302,010
Total Acreage	148.3	148.3	148.3	148.3	148.3	148.3	148.3	148.3	142.9	148.8
Chandler-Gilbert										
Total Square Footage	672,845	672,845	672,845	672,845	672,845	670,325	670,325	666,825	654,380	654,380
Total Acreage	189.8	189.8	189.8	189.8	189.8	189.8	189.8	189.8	189.8	189.3
Paradise Valley										
Total Square Footage	470,230	470,230	470,230	463,320	463,320	463,320	463,320	463,320	440,203	440,203
Total Acreage	175.9	175.9	175.9	175.9	175.9	175.9	175.9	175.9	175.9	171.0
Estrella Mountain										
Total Square Footage	406,447	406,447	406,447	360,039	360,039	360,039	360,039	360,039	333,229	333,229
Total Acreage	221.1	221.1	221.1	221.1	221.1	221.1	221.1	221.1	221.1	216.0
District Services Support Center										
Total Square Footage	296,483	296,483	296,483	296,483	296,483	296,483	296,483	296,483	296,483	296,483
Total Acreage	11.7	11.7	11.7	11.7	11.7	11.7	11.7	11.7	11.7	12.1
Totals for District:										
Total Square Footage	6,436,602	6,418,415	6,418,415	6,365,097	6,365,097	6,364,755	6,254,879	6,276,356	6,171,195	6,157,277
Total Acreage	1,611.1	1,611.1	1,611.1	1,611.1	1,611.1	1,611.1	1,611.1	1,611.2	1,605.8	1,606.8

Source: District records.



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