



*Chandler-Gilbert*

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*GateWay*

*Glendale*

*Mesa*

*Phoenix*

*Paradise Valley*

*Rio Salado*

*Scottsdale*

*South Mountain*

# Comprehensive Annual Financial Report

**Fiscal Year Ended June 30, 2003**



*Glendale Community College*

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



# **Comprehensive Annual Financial Report**

**Fiscal Year Ended June 30, 2003**

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

Prepared by  
**Division of Business Services**



# Maricopa County Community College District Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2003

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# Introductory Section



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December 8, 2003

To the Residents of the Maricopa County Community College District:

Providing higher education opportunities for the growing population of Maricopa County is our most important ongoing work. Planning to meet the needs of young people, of adults seeking new careers, of retraining and of older adults involved in lifelong



learning requires a college system that can respond to the changing workplace and can meet the training needs of industry and corporations. While Maricopa County's population growth is very strong, our enrollment growth *exceeds* the growth of the County.

We are proud that students are choosing our colleges in record numbers. We appreciate that today's student has choices. Our students know their success depends on a good education and lifelong learning. Providing a superior education coupled with up-to-date training is what the Maricopa Community Colleges do best.

The demographics of our student body continue to change. As the Valley becomes increasingly diverse, so does our student body. The Maricopa Community Colleges continue to be proactive in providing quality programs and services for a changing student population. Part of our responsibility lies in selecting new faculty and staff who will reflect our diversity and serve as role models.

We have so much to offer our students and the communities we serve. Our current capital planning efforts build on the very successful completion of our 1994 bond. The last projects from the 1994 bond are now substantially complete. In 1994 we promised our communities that we would expand an already extensive community college system to meet the growing needs. This expansion has included exploring and forming new and enhanced partnerships with businesses, educational institutions, governmental and not-for-profit institutions. One such partnership is the Arizona State University-Maricopa Community Colleges alliance. This concept, when implemented, will include a variety of academic programs available at education sites operated by either or both institutions, thereby embedding an accessible baccalaureate education in every Valley community and enhancing the quality of the workforce that Arizona businesses demand. This Alliance focuses on student retention and success and learner-centered degrees and programs to meet the needs of a diverse student population and to provide accessible, affordable and expanding

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opportunities for students to support the Valley's economy and workforce needs. The promises we made in 1994 have been kept, and our fiscal and bond ratings recognize our prudent bond program management.

Our new Student Information System is critical to our ability to deliver effective services to our students and is moving forward with strong districtwide support and input from each of the colleges. Facilities master plans are underway at all of the colleges. Because the Maricopa Community Colleges understand that marketability in the "new economy" requires more robust skills in areas such as technology, technology planning is moving forward with great enthusiasm.

The Greater Phoenix Economic Council has identified Biotechnology as one of the emerging priority industry clusters, based on its ability to create high wage jobs and its potential for expansion in the region. The Maricopa Community Colleges are working with the International Genomics Consortium through the Translational Genomics Research Institute (TGen) partnership. The Maricopa Community Colleges will be a key player with the State's public universities to provide a well-trained workforce to meet the needs of the emerging industry.

In addition, the Maricopa Community Colleges are taking leadership in the training of new, highly qualified teachers for the K-12 system and working with business and high school partnerships to reduce the state's dropout rate through our Achieving a College Education (ACE) program.

Our fast-growing district strives to keep pace with the ever-expanding population providing increased space for students in new and renovated buildings, labs, and classrooms as well as high-tech centers designed and equipped to ensure success for all. We also continue to promote inclusiveness of our varied internal and external communities in our decision-making processes. Working with the citizens of Maricopa County, the Maricopa Community Colleges will continue to meet the challenges facing our students and our community, today and in the future.

Sincerely,

Rufus Glasper, Ph.D., CPA  
Chancellor



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December 8, 2003

To the Residents of the Maricopa County Community College District:

We are pleased to provide you with the Comprehensive Annual Financial Report (CAFR) of the Maricopa County Community College District (MCCCD; the District) for the fiscal year ended June 30, 2003 (FY 2003).

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. All disclosures necessary to enable the reader to gain an understanding of the District's financial status and activities have been included.

The CAFR is presented in three sections: Introductory, Financial, and Statistical. The introductory section includes a message from the Chancellor, this transmittal letter, the District's organizational chart, and a list of principal officers. The financial section includes the Management's Discussion and Analysis (MD&A), the independent auditors' report, the basic financial statements, and supplemental information. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The statistical section includes selected unaudited financial and demographic information, generally presented on a multi-year basis.

**Organization and Administration**

As a political subdivision of the State of Arizona, the Maricopa County Community College District is subject to the oversight of the District's Governing Board (the Board), which is comprised of five elected members, representing each of the five precincts of the county. These members are elected for six-year terms on a staggered basis.

Arizona Revised Statutes grant the Board authority to approve and enforce the courses of study; appoint and employ administrators, faculty and staff; award degrees, certificates, and diplomas; and maintain general operations and service to the community. In addition, the Board is responsible for adopting the annual budget and setting tuition and fees.

The District serves the educational needs of the Maricopa County area through ten accredited institutions and two skill centers, managed by ten college presidents and two directors, respectively. District-wide administrative and support services are centralized and administered by the Chancellor and five Vice-Chancellors:

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## **Organization and Administration** (continued)

Vice Chancellor for Student Development & Community Affairs, Vice Chancellor for Information Technologies, Vice Chancellor for Business Services, Vice Chancellor for Academic Affairs, and Vice Chancellor for Human Resources.

## **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.” Maricopa County Community College District 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. There are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental financial reporting entity.

The Maricopa Community Colleges Foundation, Inc. is controlled by a separate board of directors. Therefore, its activity is not included in the financial statements of the District. However, effective for fiscal years 2004 and thereafter, new accounting standards issued by the GASB may require MCCCDC to incorporate the Foundation in its financial statement presentation, as a component unit.

## **History**

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

## **Service to the Community**

The District is the largest single provider of post-secondary education in Arizona - offering affordable education to more than 250,000 individuals year-round in both credit and special-interest/non-credit classes. Composed of 10 colleges, two skill centers and numerous education sites, the District strives to keep pace with the ever-expanding population of Maricopa County. The county includes metropolitan Phoenix, recognized as one of the nation’s fastest-growing metropolitan areas. Such burgeoning population is reflected in the District’s average growth rate of about 6%, which is predicted to continue.

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

The District delivers effective teaching and learning through modern occupational programs and training, extensive partnerships with business and industry, as well as through a vast array of classes that transfer to four-year institutions. There are currently 9057 credit-course offerings: 2,969 academic courses and 6,088 occupational courses included in 885 occupational programs. Students include those in traditional credit classes as well as senior adults, business professionals, and others taking computer and web-based training, job-readiness training, and job-related certificate training. As indicated by racial category, the student enrollment data mirrors the population of Maricopa County: 58.1% Anglo, 16.1% Hispanic, 4.7% African American, 2.6% Native American, 3.6% Asian and 14.9% 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). According to the MCCC Office of Institutional Effectiveness, 20,999 Fall 2002 ASU undergraduates had transferred MCCC credits (representing 49% of the total ASU undergraduates).

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.

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

Located in the south-central portion of the State of Arizona, Maricopa County (the County) qualifies as the major economic, political, and population center in the State. The area includes the Greater Phoenix Metropolitan Area, which is comprised of Phoenix, Glendale, Mesa, Scottsdale, Paradise Valley, Tempe, Peoria, Chandler, and Gilbert, plus other smaller cities and towns and all the unincorporated areas of the County. The County measures 9,222 square miles, making it the 14th largest county in the United States.

For the past three decades, Maricopa County has been one of the most rapidly growing counties in the country in terms of population, employment and personal income. According to the U.S. Census Bureau Population Division, Maricopa County has grown at a rate of 7.5% since the 2000 census—boasting a July 2002 population of nearly 3.3 million and growing. Over 68% of Arizona's labor force resides in Maricopa County, which currently ranks as the 4th highest populated in the nation.

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

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

To illustrate, the Greater Phoenix Business Leadership Coalition, supported by the Greater Phoenix Economic Council, has identified five priority industry clusters that will drive the economic development and infrastructure planning of the region. These clusters are: aerospace, bio-industry, advanced financial and business services, high-tech, and software. The District will continue to play a key role in providing the necessary workforce development and job training offerings to grow these industry clusters, thus continuing its significant contribution to the State and Local economies.

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

Maricopa County has been an established growth area for the past half century, but has certainly not been immune to the impact of the overall economic downturn currently being experienced nationally. The county and state have been especially hard hit in the sectors of high tech, aviation and tourism. According to the Arizona Department of Economic Security Research Administration (DES/RA), after 20 years of employment growth, represented by the addition of more than 1,215,000 non-farm jobs, Arizona job growth was flat in 2002. A modest economic upturn is expected for 2003, with jobs growing at an annual average pace of almost 2 percent in 2003. This represents a gain of almost 40,000 jobs in 2003, resulting in a net job gain of 19,000 over the two-year period. The seasonally adjusted unemployment rate for Arizona fell from 6.3% in June 2002 to 5.9% in June 2003. Although these signs are positive, according to the DES/RA, 2003 will not likely recover as fast or robustly as earlier predicted, with businesses expected to be very deliberate, yet cautious, while working through these slower, difficult times toward profitability.

## **Major Impacts**

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

## **Sales Tax for Education**

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

- ❑ Partnerships between businesses and institutions
- ❑ Additional faculty to improve and expand classroom instruction and course offerings
- ❑ Technology, equipment, and technology infrastructure for advanced classroom and/or laboratory teaching and learning

## **Major Impacts** (continued)

- ❑ Student services such as assessment, advisement, and counseling
- ❑ Purchase or lease of real property and construction, remodel, or repair of facilities

This initiative also provides funding of \$13 million due under existing statute to community college districts statewide for matching capital outlay related to the construction of new campuses. Of the \$13 million, which is to be paid at a rate of \$1 million per year over a 13-year period, the District is owed \$5 million and expects to begin receiving payment in FY 2004.

## **Managing Growth**

The growth in the population base and in student enrollment presents the District with both benefits and challenges. The primary source of revenue for the District is county property taxes, and in this regard, the growth of the population base of Maricopa County continues to insure growth in the funding for the District. The corresponding growth in student enrollment, although gratifying, puts stress on the institution to adequately fund such growth, in terms of increased faculty and increased teaching and support facilities. Additional support from the State, in the form of annual appropriations, has been counted on in the past to supplement property taxes and tuition & fees. Unfortunately, during this time of tremendous growth, State funding has decreased and continues to do so. FY 2002 saw an appropriation cut of 4.75%, and another reduction of 1% from this appropriation level in FY 2003. The legislature has not appropriated any increase in funding for FY 2004. The continued erosion of this piece of the funding pie significantly increases the challenge to adequately fund the growth of the institution.

## **Major Initiatives**

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

## **Maricopa Governance**

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

- ❑ Executive Boundaries                      Policies that provide the prudent and ethical boundaries of acceptable Chancellor acts, practices, and circumstances.
- ❑ Governance Process                        Policies that clarify the Board's own job and rules, including how it plans to interact with others.

## **Major Initiatives** (continued)

- Board-Staff Relationship      Policies that describe the relationship and accountability linkage (usually through the Chancellor).
  
- Goals                              Policies that determine what benefits will occur, for which constituencies, and at what cost. These become prioritized and reflected in the annual budget.

Maricopa Governance provides the District more effective and efficient governance by focusing on goals rather than means. An important aspect of Maricopa Governance is the Board's regular monitoring for compliance with the above policies. To this end, the Board adopted a planning calendar that aligns strategic planning activities and budget development. Numerous reports are submitted at regular intervals to measure and demonstrate compliance. The District's Governing Board and many faculty and staff recently met in retreat to discuss a proposal to align Board goals with strategic directions developed from district-wide strategic planning activities. A second proposal is a revised process for monitoring. Both initiatives are moving forward and are expected to be in place in FY 2005.

## **Strategic and Long Term Operational Planning**

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

The responsibility for continuous strategic planning rests at all levels of the organization, and, when integrated, results in greater collaboration. Representatives from throughout the District have formed the Strategic Planning Advisory Council as well as a support team to develop a District-wide plan. This plan will integrate the needs (community/college/system) identified by the colleges (as reflected in their goals and priority action plans), the strategies they use, the processes and policies they see as facilitating/hindering their needs/action plans, their strengths, weaknesses, opportunities and threats from the environment, and outcomes from their monitoring and improvement efforts.

Over the course of the last couple of years, the Strategic Planning Advisory Council and its support team met frequently to advance district-wide strategic planning. Accomplishments include:

## **Major Initiatives** (continued)

- A comprehensive compilation of environmental trends and an analysis of strengths, weaknesses, opportunities and threats
- A planning framework adopted by the Governing Board
- College and District Office operational plans to advance strategic directions
- A strategic plan adopted by the Governing Board
- Updated environmental trends
- A planning handbook
- An initiative to align Board goals and streamline and improve monitoring of goals and directions

Educational needs of a growing Maricopa County population were addressed by a \$385.8 million capital development program approved by voter referendum in November 1994. These resources enabled the District to expand facilities and technology in order to meet current and future demand for classes and educational services while also improving campus security and energy conservation. At fiscal year-end, the program was substantially complete, providing approximately 1.6 million square feet of new facilities. Enrollment at the District's ten colleges, two skill centers and many satellite centers continues to grow, therefore, the District is developing master plans for future expansion and improvements with the possibility of seeking voter approval of a much larger capital development program of approximately \$950 million. An aspect of this effort is the development of longer-term financial plans with projections of revenues and expenditures through FY 2013, which helps the District to measure the possibilities and issues associated with a new capital development program.

## **Revenue Bond Projects**

In an effort to make all of our colleges more comprehensive in their course offerings, the District initiated a project to add several performing arts centers (PAC) on campuses that lack these facilities. In FY 1998, the District first approved funding that would initiate the development of the new performing arts center at Chandler-Gilbert Community College, in response to growing enrollments in the music, theatre, and dance curricula as well as demand from the community. To fund the construction of this center and two others at South Mountain and Paradise Valley Community Colleges, student fees were increased \$.50 per credit hour in FY 1998 and two subsequent fiscal years in anticipation of revenue bond debt issues secured by a general pledge of tuition and fees. Revenue bonds were issued in October 2002 for the South Mountain PAC and in September 2003 for the Paradise Valley PAC. The District is exploring the need for similar or other facilities at Estrella Mountain and GateWay Community Colleges and the remodeling of long-standing performing arts centers. Remaining new facility and remodeling projects may also rely on future revenue bond issues.

## **ASU-Maricopa Alliance**

Arizona State University (ASU) and the Maricopa Community College District have formed a partnership to enhance and increase the number of associate and baccalaureate degrees awarded to its students. The new "ASU-Maricopa Alliance" will move the institutions far beyond the traditional transfer model by offering new options to eligible students in where and how they

## **Major Initiatives** (continued)

learn. By working collaboratively, the institutions will provide these co-enrolled students with programs and flexibility that take advantage of the benefits of each institution.

The two institutions will prepare joint principles to address common concerns and goals, focusing on encouraging student retention and success, offering learner-centered degrees and programs, meeting the needs of a diverse student population, making higher education accessible and affordable and expanding opportunities for students that will support the new economy and workforce needs. The pilot program is anticipated to begin in Fall 2004.

### **Maricopa Integrated Risk Assessment (MIRA)**

In 1999, the Governing Board approved the development of a process to address issues of risk within the District. Originally termed the Maricopa Risk Assessment Process (MRAP), the initiative has been better defined and now is known as the Maricopa Integrated Risk Assessment (MIRA) initiative. The purpose of MIRA is to embed ongoing risk assessment and management into the daily operations and culture of the District. MIRA is preventive; it encompasses a plan for the District to assess its risks and to establish or design controls to manage the risks. The expected benefits should include increased effectiveness and accountability, sound business processes and compliance with applicable laws and regulations.

The Vice Chancellor for Business Services formed a representative Task Force to initiate the process. Internal Audit & Management Advisory Services (IAMAS) worked directly with the Task Force and provides training, technical support and facilitation services. In December 1999, the Task Force performed a high-level control environment and risk assessment for the District as an entity and developed recommendation strategies.

Among the risks identified by the Task Force and prioritized as being most critical was the lack of a system-wide policy on ethics. Most major educational institutions proclaim clear statements regarding expected behaviors of all organizational members. Based on subsequent internal and external survey results prepared by a professional research group, key MCCCDC leaders drafted a set of Maricopa Guiding Principles as a first step toward establishing the Maricopa Code of Ethics. The Principles, adopted by the Governing Board in June 2002 as a tool toward establishing high standards of conduct for all Maricopans, provide a strong foundation upon which each College, and the teams within each College, may address and develop individualized expectations.

The MIRA concepts, management, and implementation strategies were presented to the Chancellor's Executive Council as well as the Administrative Services Group in Fall 2000. It is anticipated that continued implementation of the MIRA initiative will include further inculcation of risk assessment into the Maricopa culture, including its decision-making processes.

In regards to the traditional risk-management activities, the District maintains a full complement of insurance coverages to transfer the risk of financial losses.

## **Major Initiatives** (continued)

**Workers' compensation:** The District is self-insured for losses related to claims for bodily injury by accident or occupational disease below the level of insurance provided by a commercial policy.

**Liability coverage:** The District is covered by an excess school liability policy, which includes general liability, school leader's errors and omissions, automobile liability, and miscellaneous medical malpractice. Policy limits total \$40 million, with a self-insured retention (SIR) of \$250,000 per occurrence.

**Property and Boiler/Machinery coverage:** The District is covered by a blanket real and business personal property policy, which includes builder's risk, business income and extra expense. The policy also covers equipment breakdown/boiler and machinery. The deductible is \$50,000 per occurrence.

**Crime coverage:** The District has policies covering employee dishonesty; forgery or alteration; computer and funds transfer fraud; theft, disappearance and destruction; and counterfeiting deductibles range from \$5,000 to \$10,000.

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

## **Fiscal Integrity and Oversight**

Fiscal integrity is the cornerstone upon which the District plans, monitors, and reports its financial activities and resources. Particular emphasis is placed on maintaining the financial stability of the District; and each fiscal year, the budget is developed with this objective. Goals for financial stability enable the District to manage revenue shortfalls and cash flows to ensure continued operations, and to provide for unforeseen contingencies without impairing the level of quality service needed to respond to our customers. To this end, a Financial Planning Policy approved by the Board guides the District's budgeting process and requires the following:

- ❑ Sufficient information to enable an understanding of planning assumptions, accurate projection of revenues and expenses, and separation of both capital and operational revenues and expenses.
- ❑ Avoidance of expenses in any fiscal year of more resources than are conservatively projected to be received or carried forward in that period.

## **Fiscal Integrity and Oversight** (continued)

- ❑ A proposed budget that reflects stated Board priority goals within the parameters of conservatively projected available revenues and a balanced budget.
- ❑ Assurance that current operating balances remain at least eight percent (8%) of current operating revenues.

Since the 1994 establishment of the requirement to end each year with balances at 8% or more, the District has successfully reached this goal each year. Balances in excess of the minimum required by the financial planning policy provide the District the ability to designate such excess to meet annual operational challenges with one-time budget allocations.

The District's responsibilities for stewardship, safeguarding of assets, and accountability to resource providers fall under the broad parameters spelled out by Board policies on Financial Condition and Asset Protection, and are carried out through several oversight activities, including:

- ❑ effective management of resources through internal controls
- ❑ budgetary controls
- ❑ cash management, and
- ❑ financial reporting.

These activities are described below, followed by a listing of financially related challenges and opportunities facing the District as it strives to carry out these policies.

### **Internal Controls**

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

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

## **Fiscal Integrity and Oversight** (continued)

### **Budgetary Controls**

The District demonstrates budgetary compliance with the issuance of an annual budgeted expenditure limitation report audited by the Office of the Auditor General. The expenditure limitation calculation determines the maximum allowable expenditure budget capacity supported by state appropriations and property tax levies.

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

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

### **Cash Management**

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

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

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

### **Financial Reporting**

An automated financial record system captures all financial transactions and provides data for the preparation of this CAFR, including the audited financial statements. These statements present information on the financial position of the District and whether resources were adequate to cover the costs of providing services during the reporting period. The District's award-winning CAFR is distributed to the Board and executive management, the state legislature, federal and state agencies, bond-rating agencies, and financial institutions as well as others throughout the general public. Internal management reports, customized to meet the

## **Fiscal Integrity and Oversight** (continued)

information and decision-making needs at all levels of the organization, aid in the management of financial resources.

### **Primary Challenges and Opportunities**

In carrying out the policies on Financial Condition and Asset Protection, the primary challenges and opportunities for the District include:

- ❑ **Maintaining and promoting service levels even as the national and local economies experience slowdowns.** The local and national economy have been strong for most of the past decade, bestowing the Maricopa County Community College District with the financial resources to meet many operational and service goals and challenges, especially those related to the regular increase in demand for courses. The recent economic slowdown has impacted the District to some extent, mainly in the form of reductions in State appropriations and increased insurance costs. Many processes and financial controls are in place to ensure that spending stays within budgeted levels and in line with actual revenues and that the proposed budget is developed according to realistic and accurate assumptions. However, should the slowdown continue for an extended period, it will become more of a challenge to meet service demands, which typically increase when the economy is weak.
- ❑ **Linking the Board goal-setting process with Strategic planning and the annual budget development process.** The goals adopted by the District Governing Board provide strategic direction to the District, which in turn must continue to establish performance measures for these goals and to assess budget requirements to better address them. At a recent Governing Board and leadership retreat, proposals were explored to integrate the priorities that have emerged in strategic planning with the Board goals and to streamline and improve reporting on goals and planned outcomes.
- ❑ **Continuing to increase funding and allocations to meet planned operating costs as the 1994 capital development program nears completion and as enrollment continues to grow.** The District has maintained its commitment to funding the operational costs of the capital development program. As of FY 2004, all operating costs from the 1994 capital program are funded with permanent revenues.
- ❑ **Continuing to fund enrollment growth.** Enrollment increases steadily each year, currently averaging 6%. The District should maintain its commitment to funding its tuition and fee rebate (enrollment growth) program, to help fund the costs of adding classes when enrollment increases. This will help the District maintain its mission to provide accessible learning opportunities.

## **Fiscal Integrity and Oversight** (continued)

- **Determining how to meet capital needs without the resources of a General Obligation bond program.** FY 2002 was the last year of annual allocations for information technology and occupational equipment, and by the end of FY 2003 most new building and remodeling projects have been completed. Yet, many needs remain as enrollment continues to grow and the demand for new courses, programs and technological currency grows. The District has reserved resources to help provide for these needs after bond proceeds have been exhausted, but they are limited in amount; and current plans indicate they will be consumed at the end of FY 2005. Significant efforts must be taken to determine the unmet needs and ways to provide necessary resources beyond FY 2005.
- **Continuing to enhance flexibility and maximize use of resources in the budgeting process, and improving collaboration and cooperation among colleges while promoting healthy competition.** The District Financial Advisory Council is called upon to review strategic plans related to the budgeting process in accordance with the strategic goals of the District and other priorities established by the Board. Such actions demonstrate the District's dedication to endorse and execute effective and efficient use of all resources—financial, human, physical plant, and technological.
- **Installing, developing and maintaining new software systems.** New information systems have been implemented over the past 5 years, providing the District with more information and analytic resources. However, in addition to the significant initial effort and cost to implement these systems, they require significant additional programming and functional staff to facilitate system upgrades, testing, development and maintenance. For example:
  - Continuing upgrades for the College Financial System
  - Continuing upgrades for the PeopleSoft Human Resource Management System
  - Implementing a student administration package inclusive of a single student record for attendance at all of the ten Maricopa Community Colleges. This will be the largest, most challenging and most costly of all implementations; but is needed to replace the twenty year-old legacy system, and to serve students in the web-based, interactive environment.
  - Continuing upgrades and development of the budget development system
  - Implementing a document imaging system in the future
  - Expanding the Maricopa Electronic Messaging System (MEMO)
  - Implementing a web portal access for students and community use

## **Independent Audit**

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

## **GFOA Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Maricopa County Community College District for its comprehensive annual financial report for the fiscal year ended June 30, 2002. This was the 12<sup>th</sup> consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal regulations.

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

## **Acknowledgment**

We wish to thank the members of the Board for their interest 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. Appreciation is expressed to the Office of the Auditor General for timely completion of the audit.

Respectfully submitted,

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Debra Thompson  
Acting Vice Chancellor for Business Services

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Samuel L. Harris, CPA, CIA, CGFM  
Acting Director of Financial Services  
and Controller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Maricopa County  
Community College District,  
Arizona

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2002

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

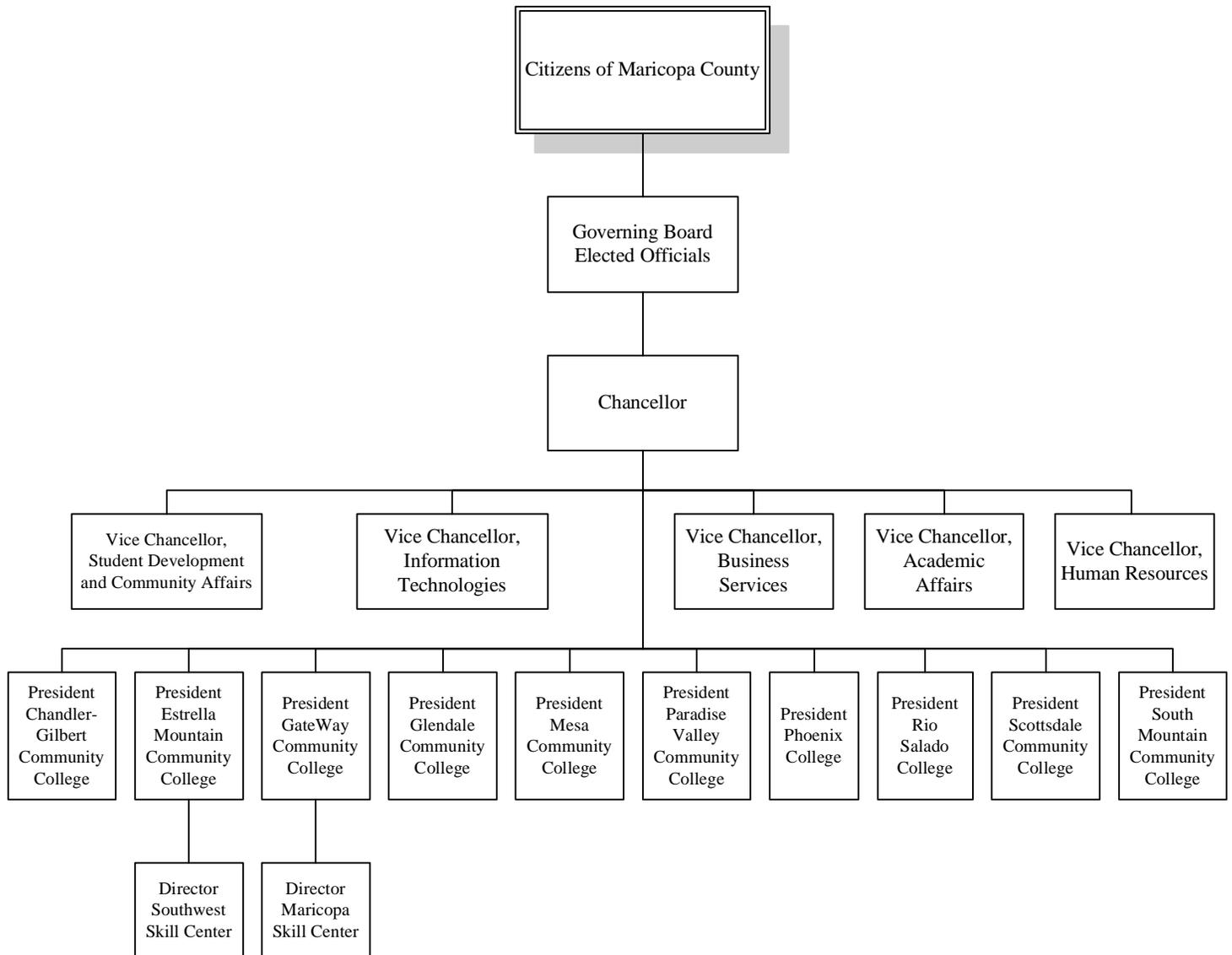


President

Executive Director

# Maricopa County Community College District

## Organizational Chart



# Maricopa County Community College District

## Principal Officers

### Governing Board

Mr. Ed Contreras, *President*  
Mrs. Linda B. Rosenthal, *Secretary*  
Mrs. Nancy Stein, *Member*  
Dr. Donald R. Campbell, *Member*  
Mr. Gene Eastin, *Member*

### Administration

Dr. Rufus Glasper, *Chancellor*  
Dr. Steven Helfgot, *Vice Chancellor, Student Development and Community Affairs*  
Mr. Ron Bleed, *Vice Chancellor, Information Technologies*  
Ms. Debra Thompson, *Acting Vice Chancellor, Business Services*  
Dr. Anna Solley, *Vice Chancellor, Academic Affairs*  
Dr. Jose Leyba, *Acting Vice Chancellor, Human Resources*

### College Presidents & Directors

Ms. Maria Hesse, *President, Chandler-Gilbert Community College*  
Dr. Homero Lopez, *President, Estrella Mountain Community College*  
Dr. Eugene Giovannini, *President, GateWay Community College*  
Dr. Phil Randolph, *President, Glendale Community College*  
Dr. Larry Christiansen, *President, Mesa Community College*  
Dr. Paul Dale, *Interim President, Paradise Valley Community College*  
Dr. Corina Gardea, *President, Phoenix College*  
Dr. Linda Thor, *President, Rio Salado College*  
Dr. Arthur DeCabooter, *President, Scottsdale Community College*  
Dr. Kenneth Atwater, *President, South Mountain Community College*  
Mr. John Underwood, *Director, Maricopa Skill Center*  
Mr. Adolfo Gamez, *Director, Southwest Skill Center*



## **Vision, Mission & Values**

### **Vision**

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

### **Mission**

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

#### **Our Colleges Fulfill This Mission Through:**

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

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

# Statement of Values

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

We commit to living according to the following basic values which are vital to maintaining the integrity and vitality of our community of learners.

## **Value Education**

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

## **Value Students**

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

## **Value Employees**

We value all our residential faculty, adjunct faculty, administration, professional support staff, and crafts, and maintenance and operations personnel, respect their diverse life experiences, appreciate their contributions to our learning community, and encourage their individual professional development.

## **Value Excellence**

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

## **Value Diversity**

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

## **Value Honesty and Integrity**

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

## **Value Freedom**

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

## **Value Fairness**

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

## **Value Responsibility**

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

## **Value Public Trust**

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



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



# Financial Section



DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL

WILLIAM THOMSON  
DEPUTY AUDITOR GENERAL

## Independent Auditors' Report

Members of the Arizona State Legislature

The Governing Board of  
Maricopa County Community College District

We have audited the accompanying basic financial statements of Maricopa County Community College District as of and for the year ended June 30, 2003, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Maricopa County Community College District as of June 30, 2003, and the changes in financial position and cash flows of the District for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis on pages 25 through 30 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

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

Debbie Davenport  
Auditor General

December 8, 2003

**Maricopa County Community College District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2003**

Our discussion and analysis introduces the basic financial statements and provides an overview of the District's financial activities for the year ended June 30, 2003. Please read it in conjunction with the transmittal letter, which immediately precedes this section, and the financial statements, which immediately follows.

**Basic Financial Statements**

Beginning with fiscal year 2001-02, the District has presented annual financial statements in accordance with then-newly effective 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 has shifted from a columnar fund group format to a consolidated, single-column, entity-wide format, similar to the type of financial statements one might encounter from a typical business enterprise or a not-for-profit organization. The basic financial statements consist of the following:

The *Statement of Net Assets* reflects the financial position of the District at June 30, 2003. It shows the various assets owned or controlled, related liabilities and other obligations, and the various categories of net assets. Net assets is an accounting concept defined as total assets less total liabilities, and as such, represents institutional equity or ownership in the total assets of the District.

The *Statement of Revenues, Expenses, and Changes in Net Assets* reflects the results of operations and other changes for the year ended June 30, 2003. It shows the various revenues and expenses, both operating and nonoperating, reconciling the beginning net assets amount to the ending net assets amount, which is shown on the *Statement of Net Assets* described above.

The *Statement of Cash Flows* reflects the inflows and outflows of cash and cash equivalents for the year ended June 30, 2003. It shows the various cash activities by type, reconciling the beginning cash and cash equivalents amount to the ending cash and cash equivalents amount, which is shown on the *Statement of Net Assets*, described above. In addition, this statement reconciles cash flows from operating activities to operating income/(loss) on the *Statement of Revenues, Expenses, and Changes in Net Assets* described above.

Although the primary focus of this document is on the results of activity for fiscal year 2002-03, comparative data is presented for the previous fiscal year 2001-02. This Management's Discussion and Analysis (MD&A) uses the prior fiscal year as a reference point in illustrating issues and trends for determining whether the institution's financial health may have improved or deteriorated.

## Basic Financial Statements (continued)

### Condensed Financial Information

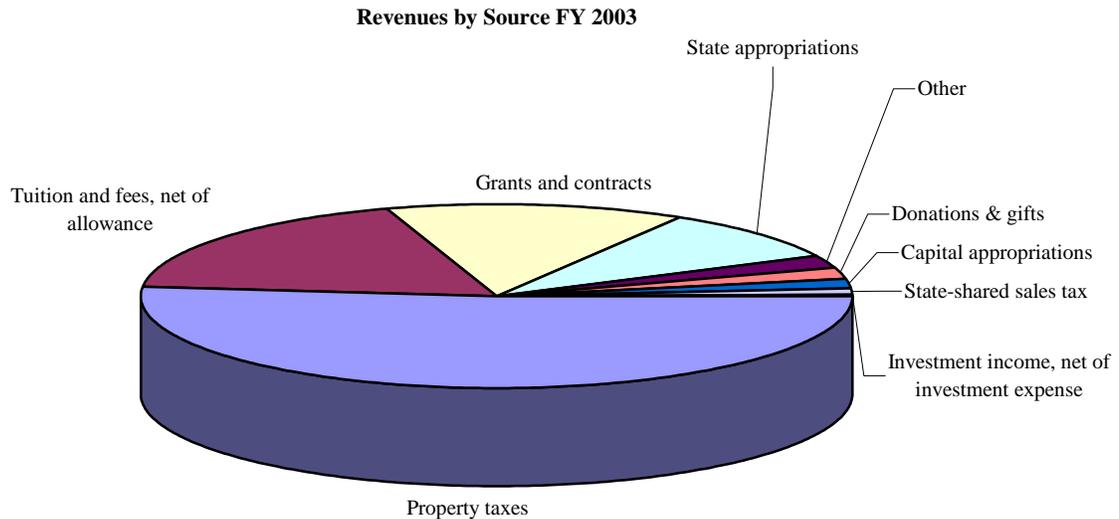
<i>Statement of Net Assets</i>	<i>As of June 30, 2003</i>	<i>As of June 30, 2002</i>
Current assets	\$178,677,690	\$183,093,565
Noncurrent assets, other than capital assets	89,250,196	97,531,357
Capital assets, net	360,314,433	352,690,906
<b>Total assets</b>	<b>628,242,319</b>	<b>633,315,828</b>
Current liabilities	58,221,998	57,045,200
Long-term liabilities	302,656,834	315,397,726
<b>Total liabilities</b>	<b>360,878,832</b>	<b>372,442,926</b>
Net assets:		
Invested in capital assets, net of related debt	104,497,784	93,610,164
Restricted net assets	58,739,623	63,491,408
Unrestricted net assets	104,126,080	103,771,330
<b>Total net assets</b>	<b>\$267,363,487</b>	<b>\$260,872,902</b>

<i>Statement of Revenues, Expenses, and Changes in Net Assets</i>	<i>For the Year Ended June 30, 2003</i>	<i>For the Year Ended June 30, 2002</i>
Operating revenues	\$169,825,194	\$147,409,864
Operating expenses:		
Education and general	402,417,334	383,085,729
Auxiliary enterprises	44,912,139	45,083,226
Depreciation	24,236,012	21,498,284
Other	5,910,273	220,557
Total operating expenses	477,475,758	449,887,796
Operating loss	(307,650,564)	(302,477,932)
Nonoperating revenues and expenses	305,552,710	297,196,804
Loss before other revenues, expenses, gains or losses	(2,097,854)	(5,281,128)
Other revenues, expenses, gains or losses	8,588,439	8,931,673
Increase in net assets	6,490,585	3,650,545
Net assets, Beginning of year	260,872,902	257,222,357
<b>Net assets, End of year</b>	<b>\$267,363,487</b>	<b>\$260,872,902</b>

## Basic Financial Statements (continued)

The following schedule presents a summary and comparison of revenues for the fiscal years ended June 30, 2003 and June 30, 2002.

<i>Revenues by Source</i>	FY 2003		FY 2002		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
<b>Operating revenues</b>						
Tuition and fees, net of scholarship allowance	\$91,854,595	18%	\$85,148,436	18%	\$6,706,159	8%
Grants and contracts	67,326,294	14	53,546,551	11	13,779,743	26
Other operating revenues	10,644,305	2	8,714,877	2	1,929,428	22
Total operating revenues	<u>169,825,194</u>	<u>34</u>	<u>147,409,864</u>	<u>31</u>	<u>22,415,330</u>	<u>15</u>
<b>Nonoperating revenues</b>						
Property taxes	259,813,133	52	242,127,290	51	17,685,843	7
State appropriations	46,890,513	9	48,294,298	10	(1,403,785)	(3)
State-shared sales tax	5,208,050	1	4,435,443	1	772,607	17
Donations and gifts	10,165,797	2	9,263,257	2	902,540	10
Investment income, net of investment expense	(1,626,924)	-	8,996,189	2	(10,623,113)	(118)
Gain on sale/disposal of capital assets	-	-	91,479	1	(91,479)	(100)
Total nonoperating revenues	<u>320,450,569</u>	<u>64</u>	<u>313,207,956</u>	<u>67</u>	<u>7,242,613</u>	<u>2</u>
Capital appropriations	<u>8,309,800</u>	<u>2</u>	<u>8,237,400</u>	<u>2</u>	<u>72,400</u>	<u>1</u>
Total revenues	<u>\$498,585,563</u>	<u>100%</u>	<u>\$468,855,220</u>	<u>100%</u>	<u>\$29,730,343</u>	<u>6%</u>

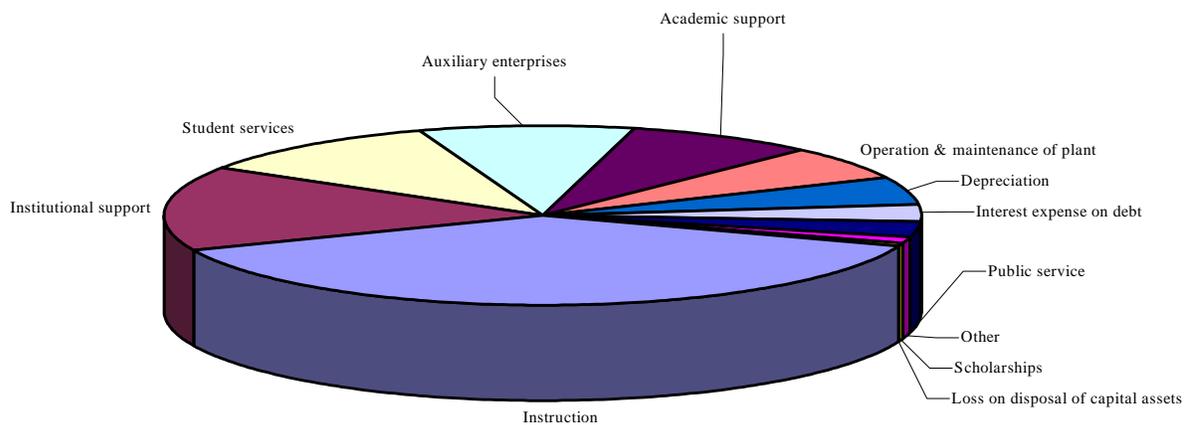


## Basic Financial Statements (continued)

The following schedule presents a summary and comparison of expenses for the fiscal years ended June 30, 2003 and June 30, 2002.

<i>Expenses by Function</i>	FY 2003		FY 2002		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
<u>Operating expenses</u>						
Educational and general						
Instruction	\$ 187,295,780	38%	\$ 175,597,529	38%	\$11,698,251	7%
Public service	13,906,786	3	12,162,870	2	1,743,916	14
Academic support	39,681,096	8	38,989,853	8	691,243	2
Student services	53,499,292	11	49,532,166	10	3,967,126	8
Institutional support	75,376,932	15	73,256,603	16	2,120,329	3
Operation and maintenance of plant	30,377,436	6	30,998,115	7	(620,679)	(2)
Scholarships	2,280,012	1	2,548,593	1	(268,581)	(11)
Auxiliary enterprises	44,912,139	9	45,083,226	10	(171,087)	-
Depreciation	24,236,012	5	21,498,284	4	2,737,728	13
Other	5,910,273	1	220,557	1	5,689,716	2,580
Total operating expenses	<u>477,475,758</u>	<u>97</u>	<u>449,887,796</u>	<u>97</u>	<u>27,587,962</u>	<u>6</u>
<u>Nonoperating expenses</u>						
Interest expense on debt	14,420,800	3	15,316,879	3	(896,079)	(6)
Loss on disposal of capital assets	198,420	-	-	-	198,420	-
Total nonoperating expenses	<u>14,619,220</u>	<u>3</u>	<u>15,316,879</u>	<u>3</u>	<u>(697,659)</u>	<u>(5)</u>
Total expenses	<u>\$ 492,094,978</u>	<u>100%</u>	<u>\$ 465,204,675</u>	<u>100%</u>	<u>\$26,890,303</u>	<u>6%</u>

Expenses by Function/Program FY 2003



## Financial Highlights and Analysis

Revenues from government grants and contracts increased 26% from the prior year. Most of this \$13 million increase is a result of additional awards of federal financial aid to students. Property tax revenue increased \$17 million, an increase of over 7% from the prior year, due to increases in property valuations. Investment income revenues decreased 113%, primarily due to a loss of market value for investments held by the Arizona State Treasurer's Local Government Investment Pool, totaling \$6.8 million. Additional information on the District's deposits and investments can be found in Note 2 to the basic financial statements.

Overall, the District recognized an increase in net assets of almost \$6.5 million, an increase of \$2.8 million from the prior year. The District's financial position remains strong, with adequate resources and reserves to meet all current obligations.

## Capital Assets and Debt Administration

Below is a summary of the capital assets, net of depreciation, as of June 30, 2003.

<i>Capital Assets</i>	
Land	\$ 31,416,286
Construction in progress	22,793,170
Buildings	267,743,997
Equipment	16,800,416
Improvements other than buildings	18,304,207
Library books	3,256,357
Total Capital Assets, net	<u>\$ 360,314,433</u>

Additional information on the District's capital assets can be found in Note 4 to the basic financial statements.

Maricopa County Community College District's general obligation bond debt issues are rated Aaa by Moody's Investors Service, AAA by Fitch, and AA by Standard & Poor's. The District's revenue bond debt issues are rated Aa2 by Moody's, and AA by both Fitch and Standard & Poor's. These ratings indicate the high quality and strong credit attributes of District's obligations. During the fiscal year, there have been no changes in credit ratings nor debt limitations that may affect future debt financing for the District.

Additional information on the District's long-term debt can be found in Notes 5 and 10 to the basic financial statements.

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

The District is laying the groundwork for a new capital development program, to be funded by a secondary assessment of county property taxes. Total proceeds needed to fund this program are currently estimated to be approximately \$950 million. The District is in the process of conducting the needs analysis necessary for such a program, with the goal of putting this bond initiative to the voters in the fall of 2004.

The financial support from the state continues to decline, and is expected to continue. To partially offset this effect, tuition and fee increases of \$5 per credit hour were approved, effective in FY 2004. The declining support for higher education by the State continues to be a factor of concern, and presents challenging financial decisions for the governing board and internal management in addressing the many and varied needs of the institution.

## **Requests for Information**

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



**Maricopa County Community College District**  
**Statement of Net Assets**  
**June 30, 2003**

**Assets**

Current assets:

Cash and cash equivalents	\$ 160,222,531
Investments	153,662
Receivables (net of allowance of \$2,749,273)	17,350,269
Other	951,228
Total current assets	178,677,690

Noncurrent assets:

Receivables (net of allowance of \$791,270)	589,359
Restricted assets:	
Cash and cash equivalents	63,729,436
Investments	23,309,514
Receivables (net of allowance of \$143,806)	1,621,887
Capital assets, not being depreciated	54,209,456
Depreciable capital assets, net of depreciation	306,104,977
Total noncurrent assets	449,564,629
Total assets	628,242,319

**Liabilities**

Current liabilities:

Accounts payable	7,017,147
Accrued liabilities	7,697,543
Deposits held in custody for others	949,184
Interest payable	7,418,953
Deferred revenues	6,581,481
Long-term liabilities - current portion	28,557,690
Total current liabilities	58,221,998

Long-term liabilities

	302,656,834
--	-------------

	360,878,832
--	-------------

**Net Assets**

Invested in capital assets, net of related debt	104,497,784
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Restricted:

Nonexpendable:

Endowments	220,241
Loans	651,535

Expendable:

Scholarships	1,435,728
Grants and contracts	9,821,328
Loans	52,361
Debt service	6,657,744
Capital projects	39,900,686

Unrestricted	104,126,080
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	\$ 267,363,487
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See accompanying notes to financial statements.

**Maricopa County Community College District**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**For the Year Ended June 30, 2003**

Operating revenues:	
Tuition and fees (net of scholarship allowance of \$26,667,268), portion pledged as security for revenue bonds	\$ 91,854,595
Government grants and contracts	64,190,024
Private grants and contracts	3,136,270
Other, portion pledged as security for revenue bonds	10,644,305
Total operating revenues	<u>169,825,194</u>
Operating expenses:	
Educational and general:	
Instruction	187,295,780
Public service	13,906,786
Academic support	39,681,096
Student services	53,499,292
Institutional support	75,376,932
Operation and maintenance of plant	30,377,436
Scholarships	2,280,012
Auxiliary enterprises	44,912,139
Depreciation	24,236,012
Other	5,910,273
Total operating expenses	<u>477,475,758</u>
Operating loss	<u>(307,650,564)</u>
Nonoperating revenues (expenses):	
Property taxes	259,813,133
State appropriations	46,890,513
State-shared sales tax	5,208,050
Private gifts	9,887,158
Investment income, net of investment expense	(1,626,924)
Interest expense on debt	(14,420,800)
Loss on sale/disposal of capital assets	(198,420)
Total nonoperating revenues	<u>305,552,710</u>
Loss before other revenues, expenses, gains or losses	(2,097,854)
Capital appropriations	8,309,800
Capital grants and gifts	278,639
Increase in net assets	<u>6,490,585</u>
Total net assets, July 1, 2002	<u>260,872,902</u>
Total net assets, June 30, 2003	<u><u>\$ 267,363,487</u></u>

See accompanying notes to financial statements.

**Maricopa County Community College District**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2003**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Tuition and fees	\$ 93,760,441
Grants and contracts	63,380,270
Payments to employees	(324,124,710)
Payments to suppliers	(94,506,990)
Payments to students	(33,206,546)
Other receipts	10,997,216
Other payments	(2,947,625)
Net cash used for operating activities	<u>(286,647,944)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Property taxes	260,118,921
State appropriations	46,890,513
State-shared sales tax	5,228,832
Federal student loans received	47,481,959
Federal student loans disbursed	(47,481,959)
Gifts and grants received for other than capital purposes	9,887,158
Net cash provided by noncapital financing activities	<u>322,125,424</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Proceeds from issuance of bonds	14,735,032
Capital appropriations	8,309,800
Proceeds from sale of capital assets	105,662
Purchase of capital assets	(33,311,342)
Principal paid on capital debt and leases	(23,198,693)
Interest paid on capital debt and leases	(14,802,712)
Net cash used for capital and related financing activities	<u>(48,162,253)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from sales and maturities of investments	45,815,224
Interest received on investments and net decrease in fair value of investments	(904,141)
Purchases of investments	(30,745,658)
Net cash provided by investing activities	<u>14,165,425</u>
Net increase in cash	1,480,652
Cash and cash equivalents - beginning of year	222,471,315
Cash and cash equivalents - end of year	<u>\$ 223,951,967</u>

(continued)

See accompanying notes to financial statements.

## Statement of Cash Flows (continued)

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

Operating loss	\$ (307,650,564)
Adjustments to reconcile net loss to net cash used for operating activities:	
Depreciation expense	24,236,012
Changes in assets and liabilities:	
Receivables, net	(1,222,190)
Other assets	(342,928)
Student loans receivable	80,521
Accounts payable	(1,325,303)
Accrued liabilities	(625,124)
Deferred revenues	(1,278,832)
Other liabilities	(97,274)
Compensated absences	1,577,738
Net cash used for operating activities	<u>\$ (286,647,944)</u>

### Significant noncash transactions:

**Advance refunding of bonds.** In July 2002, the District sold \$48,605,000 of General Obligation Refunding Bonds to advance refund \$11,020,000 of Series A (1995) and \$37,585,000 of Series B (1997) General Obligation Bonds.

**Rebatable arbitrage liability.** The rebatable arbitrage liability decreased \$1,493,431 as of June 30, 2003.

See accompanying notes to financial statements.

**Maricopa County Community College District**  
**Notes to Financial Statements**  
**Fiscal Year Ended June 30, 2003**

**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 of higher education as set forth by the Governmental Accounting Standards Board (GASB). The District has the option to apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989. The District has elected not to apply FASB pronouncements issued after the applicable date.

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

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

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

The statement of net assets provides information about the assets, liabilities, and net assets of the District at the end of the year. Assets and liabilities are classified as either current or noncurrent. Net assets are classified according to external donor restrictions or availability of assets to satisfy District obligations. Invested in capital assets net of related debt represents the value of capital assets, net of accumulated depreciation, less any outstanding debt incurred to acquire or construct the asset. Nonexpendable restricted net assets include gifts that have been received for endowment purposes and federal contributions for the Federal Perkins Loan Program. Expendable restricted net assets represent grants, contracts, gifts, and other resources that have been externally restricted for specific purposes. Unrestricted net assets include all other net assets, including those that have been designated by management to be used for other than general operating purposes. When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense towards unrestricted resources, and then towards restricted resources. The District eliminates all internal activity.

The statement of revenues, expenses, and changes in net assets provides information about the District's financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net assets are reported, including capital contributions and additions to endowments. Operating revenues include activities that have the characteristics of exchange transactions, such as student tuition and fees, federal state and local grants and contracts, and sales and services of auxiliary enterprises. Nonoperating revenues

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

include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources, such as state appropriations, property taxes, and investment income.

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

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

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

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

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

<b>Asset Category</b>	<b>Capitalization Threshold</b>	<b>Depreciation Method</b>	<b>Estimated Useful Life</b>
Land	Not applicable	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	3-10 years
Library books	Not applicable	Straight-line	10 years

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

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

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

**Scholarship Allowances** – Scholarship allowances represent the difference between the stated charge for goods and services provided by the District and the amount that is paid by the student or third parties making payments on behalf of the student. Accordingly, some types of student financial aid such as Pell grants and scholarships awarded by the District are considered to be scholarship allowances. These allowances are netted against tuition and fees revenues in the statement of revenues, expenses, and changes in net assets.

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

## **NOTE 2 – Deposits and Investments**

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

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

### **Deposits**

At June 30, 2003, total petty cash on hand was \$237,300. The carrying amount of bank deposits on the District's accounting system was \$1,553,291. The District's bank balance was \$6,923,880: \$537,760 was covered in full by federal depository insurance and \$6,386,120 was collateralized by U.S. Government Treasury and Agency securities, held by the pledging financial institution's trust department or agent in the District's name.

## **NOTE 2 – Deposits and Investments** (continued)

### **Investments**

The District's investments are categorized to give an indication of the level of risk assumed by the District at June 30, 2003. Category 1 includes investments that are insured or registered in the District's name, or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. The District's investment in the State and County Treasurers' investment pools represents shares in those pools' portfolios. The shares are not identified with specific investments and are not subject to custodial credit risk. The same is true for the District's investments in mutual funds. Further, repurchase agreements are limited to U.S. Treasury securities pursuant to provisions of a guaranteed investment contract.

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

On December 4, 2002, the District was notified by the Arizona State Treasurer that the Local Government Investment Pool held asset-backed securities issued by National Century Financial Enterprises NPF-XII. The issuer of these securities has filed bankruptcy. As of June 30, 2003, these securities had a fair market value of zero. The District reported this decline in market value of \$6.8 million in investment income, net of related expense on the statement of revenues, expenses, and changes in net assets.

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

Deposits and investments at June 30, 2003, consist of the following:

<i>Deposits and Investments by Category</i>	Categories			Fair
	1	2	3	Value
U.S. Government securities			\$10,184,953	\$ 10,184,953
Repurchase agreements	\$23,136,514			23,136,514
Total by category	<u>\$23,136,514</u>		<u>\$10,184,953</u>	<u>\$33,321,467</u>
Cash and investments not subject to categorization:				
Cash and investments held by the County Treasurer				4,145,752
State Treasurer's investment pool				208,095,960
Mutual funds				61,373
Carrying value of cash deposits at banks				1,553,291
Petty cash				237,300
Total deposits and investments at June 30, 2003				<u>\$247,415,143</u>
Statement of Net Assets:				
Current: Cash and cash equivalents				\$ 160,222,531
Current: Investments				153,662
Noncurrent: Cash and cash equivalents				63,729,436
Noncurrent: Investments				23,309,514
Total				<u>\$247,415,143</u>

**NOTE 3 – Current Receivables**

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

Property taxes	\$ 4,899,328
Government grants	6,142,692
Private grants and contracts	3,083,505
Student accounts	2,022,252
Other	<u>1,202,492</u>
Total receivables	<u>\$ 17,350,269</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 Maricopa County Treasurer. However, a lien assessed against real and personal property attaches on the first day of January preceding assessment and levy thereof. Property taxes are payable in two equal installments due in October and March. The delinquent tax dates are the second business days in November and May. Property taxes receivable consist of uncollected property taxes as determined from the records of the Maricopa County Treasurer's Office.

## NOTE 4 – Capital Assets

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

	<u>Balance July 1, 2002</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2003</u>
<b>Capital assets not being depreciated:</b>				
Land	\$ 31,416,286	-	-	\$ 31,416,286
Construction in progress (estimated cost to complete \$40,867,388)	<u>25,772,003</u>	<u>\$ 22,151,829</u>	<u>\$ 25,130,662</u>	<u>22,793,170</u>
Total capital assets not being depreciated	<u>57,188,289</u>	<u>22,151,829</u>	<u>25,130,662</u>	<u>54,209,456</u>
<b>Capital assets being depreciated:</b>				
Buildings	377,602,786	23,938,281	-	401,541,067
Equipment	64,028,487	7,749,459	5,234,895	66,543,051
Improvements other than buildings	30,914,784	3,025,577	-	33,940,361
Library books	9,295,689	816,326	276,666	9,835,349
Total capital assets being depreciated	<u>481,841,746</u>	<u>35,529,643</u>	<u>5,511,561</u>	<u>511,859,828</u>
Less accumulated depreciation for:				
Buildings	118,350,446	15,446,624	-	133,797,070
Equipment	47,377,740	6,908,519	4,543,624	49,742,635
Improvements other than buildings	14,398,183	1,237,971	-	15,636,154
Library books	6,212,760	642,898	276,666	6,578,992
Total accumulated depreciation	<u>186,339,129</u>	<u>24,236,012</u>	<u>4,820,290</u>	<u>205,754,851</u>
Total capital assets being depreciated, net	<u>295,502,617</u>	<u>11,293,631</u>	<u>691,271</u>	<u>306,104,977</u>
<b>Capital assets, net</b>	<u>\$ 352,690,906</u>	<u>\$ 33,445,460</u>	<u>\$ 25,821,933</u>	<u>\$ 360,314,433</u>

## NOTE 5 – Long-term Liabilities

The following schedule details the long-term liability activity for the year ended June 30, 2003.

	<u>Balance, July 1, 2002</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2003</u>	<u>Due within one year</u>
Bonds payable:					
General obligation bonds	\$ 305,750,000	\$ 48,605,000	\$ 69,540,000	\$ 284,815,000	\$ 23,800,000
Revenue bonds	12,295,000	14,480,000	2,175,000	24,600,000	3,250,000
Premium on general obligation bonds	-	3,994,931	443,881	3,551,050	-
Premium on revenue bonds	-	255,032	12,752	242,280	-
Deferred charges on refunding	-	(3,471,228)	(385,692)	(3,085,536)	-
Capital leases	155,363	-	88,692	66,671	44,512
Rebatable arbitrage earnings	2,821,981	-	1,493,431	1,328,550	504,696
Compensated absences	18,118,770	2,249,135	671,396	19,696,509	958,482
Total long-term liabilities	<u>\$ 339,141,114</u>	<u>\$ 66,112,870</u>	<u>\$ 74,039,460</u>	<u>\$ 331,214,524</u>	<u>\$ 28,557,690</u>

**NOTE 5 – Long-term Liabilities** (continued)

**Bonds Payable**

The District's bonded debt consists of various issues of general obligation and revenue bonds. Bond proceeds primarily pay for improving, acquiring or constructing capital assets. Bonds have also been issued to advance refund previously issued bonds. Of the total general obligation bonds originally authorized in 1994, \$4,000 remain unissued. Federal arbitrage regulations are applicable to all of the District's bond issues. Bonds outstanding at June 30, 2003, were as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
General obligation bonds				
Project of 1994				
Series A (1995)	\$ 104,750,000	7/1/2004-09	5.80-6.00%	\$ 3,235,000
Series B (1997)	124,250,000	7/1/2003-13	5.00-6.50%	70,625,000
Series C (1999)	104,250,000	7/1/2003-15	3.25-5.25%	73,450,000
Series D (2001)	52,545,000	7/1/2003-05	4.00%	39,495,000
Refunding, Series A (1998)	65,145,000	7/1/2003-09	4.00-5.00%	49,405,000
Refunding Series A&B (2002)	48,605,000	7/1/2003-11	3.00-5.25%	48,605,000
Revenue bonds				
Refunding Bonds, Series 1993	14,995,000	7/15/2003-05	4.95-5.10%	5,705,000
Revenue Bonds, Series 1998	6,000,000	7/15/2003-10	4.25-4.70%	4,415,000
Revenue Bonds, Series 2002	14,480,000	7/15/2003-22	2.00-4.63%	14,480,000
			Total	<u>\$ 309,415,000</u>

The following schedule details debt service requirements to maturity for the District's bonds payable at June 30, 2003.

Year Ending June 30:	General Obligation Bonds		Revenue Bonds		Total Debt Service Requirements
	Principal	Interest	Principal	Interest	
2004	\$ 23,800,000	\$ 12,953,446	\$ 3,250,000	\$ 952,916	\$ 40,956,362
2005	26,010,000	11,851,474	2,855,000	825,149	41,541,623
2006	24,860,000	10,718,860	2,510,000	699,921	38,788,781
2007	20,450,000	9,625,831	2,610,000	584,706	33,270,537
2008	21,920,000	8,523,363	2,150,000	494,986	33,088,349
2009-2013	133,525,000	24,435,059	5,875,000	1,535,680	165,370,739
2014-2018	34,250,000	1,661,838	2,405,000	903,662	39,220,500
2019-2023	-	-	2,945,000	344,428	3,289,428
Total	<u>\$ 284,815,000</u>	<u>\$ 79,769,871</u>	<u>\$ 24,600,000</u>	<u>\$ 6,341,448</u>	<u>\$ 395,526,319</u>

**NOTE 5 – Long-term Liabilities** (continued)

**Description of Issues**

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

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

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

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

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

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

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

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

**General Obligation Refunding Bonds, Series A (1998)**

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

**NOTE 5 – Long-term Liabilities** (continued)

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

On July 16, 2002, the District sold \$48,605,000 of General Obligation (G.O.) Refunding Bonds with an average interest rate of 4.6 percent to advance refund \$11,020,000 of G.O. Bonds, Project of 1994, Series A (1995) and \$37,585,000 of Series B (1997) with an average interest rate of 5.8 percent. The General Obligation Bonds of 2002 are not subject to early redemption prior to their stated maturity dates. The net proceeds were used to purchase U.S. Government securities and these securities were deposited in an irrevocable trust with an escrow agent to provide debt service until G. O. Bonds Series A and Series B mature. As a result, the refunded debt is considered to be defeased, and the liability for those bonds is not included in the financial statements. The District in effect reduced its aggregate debt service payments by almost \$1.7 million over the next nine years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$1.5 million.

**Revenue Refunding Bonds, Series 1993**

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

**Revenue Bonds, Series 1998**

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

**Revenue Bonds, Series 2002**

On October 1, 2002, the District issued \$14,480,000 of Revenue Bonds of which, \$6,500,000 will be used to construct, furnish, and equip a performing arts center and approximately \$8,000,000 will be used to acquire a new Student Information System. Bonds maturing on or before July 15, 2012, are noncallable. Bonds maturing on or after July 15, 2013, are subject to early redemption.

## **NOTE 6 – Operating Expenses**

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

Salaries and benefits	\$326,304,437
Contract services	38,071,103
Financial aid	33,634,234
Depreciation	24,236,012
Communications, utilities, and travel	17,130,979
Noncapitalized equipment	13,044,233
Supplies and materials	16,578,600
Subscriptions, dues, insurance, and rentals	6,473,419
Other expenses	2,002,741
Total	<u>\$477,475,758</u>

## **NOTE 7 - Retirement Plan**

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

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

**Funding Policy** - The Arizona State Legislature establishes and may amend active plan members' and the District's contribution rates. For the year ended June 30, 2003, active plan members and the District were each required by statute to contribute at an actuarially determined rate of 2.49 percent (2 percent retirement and 0.49 percent long-term disability) of the members' annual covered payroll. The District's contributions to the System for the years ended June 30, 2003, 2002, and 2001, were \$5.4 million, \$5.0 million, and \$4.8 million, respectively. These amounts were equal to the required contributions for the year.

## **NOTE 8 - Risk Management**

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

**NOTE 8 - Risk Management** (continued)

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

**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 \$152,214. This amount has been recognized as an expense and appears as an accrued liability in the Statement of Net Assets. Other reasonably possible claims have been estimated to be \$1,567,250. Management and legal counsel will seek denial of the claims and believe that the loss, if any, resulting from these claims will not have a material impact on the District's financial position, results of operations or cash flows in future years.

**NOTE 10 - Subsequent Events**

On October 1, 2003, the District sold \$7,655,000 of Revenue Bonds to design, construct, furnish and purchase equipment for a Performing Arts Center located at the Paradise Valley Community College Campus. Bonds maturing on or before July 15, 2013 are noncallable. Bonds maturing on or after July 15, 2019 are subject to early redemption.

# Supplemental Information

**Maricopa County Community College District**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**By College/Center**  
**For the Year Ended June 30, 2003**

	<u>Phoenix College</u>	<u>Glendale Community College</u>	<u>GateWay Community College</u>	<u>Mesa Community College</u>	<u>Scottsdale Community College</u>
<b>Operating revenues:</b>					
Tuition and fees	\$ 7,423,594	\$ 11,725,802	\$ 4,925,682	\$ 18,417,330	\$ 9,636,939
Government grants and contracts	8,785,959	9,623,967	7,264,863	11,553,413	3,586,733
Private grants and contracts	19,081	699,645	30,492	515,682	177,860
Other	480,541	1,154,911	921,799	1,557,596	1,882,555
Total operating revenues	<u>16,709,175</u>	<u>23,204,325</u>	<u>13,142,836</u>	<u>32,044,021</u>	<u>15,284,087</u>
<b>Operating expenses:</b>					
Educational and general:					
Instruction	22,069,540	32,208,660	16,167,190	39,179,637	20,350,239
Public service	940,453	896,929	153,199	966,596	306,005
Academic support	4,156,073	5,752,836	1,918,254	7,423,776	3,790,281
Student services	7,245,324	9,093,139	5,042,405	10,627,270	4,887,198
Institutional support	5,209,703	4,383,612	5,392,965	8,442,862	3,420,178
Operation and maintenance of plant	3,875,728	4,311,706	2,620,272	5,644,880	3,603,558
Scholarships	357,598	34,883	45,133	475,067	230,116
Auxiliary enterprises	3,546,741	5,156,026	1,982,442	7,848,964	4,646,404
Depreciation	218,088	3,913,568	1,952,947	4,399,135	2,647,560
Other	230,205	860,600	363,347	1,278,260	397,302
Total operating expenses	<u>47,849,453</u>	<u>66,611,959</u>	<u>35,638,154</u>	<u>86,286,447</u>	<u>44,278,841</u>
Operating loss	(31,140,278)	(43,407,634)	(22,495,318)	(54,242,426)	(28,994,754)
<b>Nonoperating revenues (expenses):</b>					
Property taxes	25,231,033	35,294,484	18,877,087	43,835,844	23,844,412
State appropriations	4,861,481	7,752,771	3,172,438	10,368,667	4,465,286
State-shared sales tax	-	-	45,751	-	-
Private gifts	1,043,786	861,712	361,613	1,461,953	697,455
Investment income, net of investment expense	2,157	4,518	94	2,586	145
Interest expense on debt	-	-	(3,661)	(5,988)	-
Gain (loss) on sale/disposal of capital assets	1,821	(77,702)	(13,774)	6,676	(12,544)
Total Nonoperating revenues and expenses	<u>31,140,278</u>	<u>43,835,783</u>	<u>22,439,548</u>	<u>55,669,738</u>	<u>28,994,754</u>
Income (loss) before other revenues, expenses, gains or losses	-	428,149	(55,770)	1,427,312	-
Capital appropriations	-	-	-	-	-
Capital grants and gifts	-	32,250	55,770	-	-
Increase in net assets	<u>-</u>	<u>460,399</u>	<u>-</u>	<u>1,427,312</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>
\$ 15,110,980	\$ 1,010,772	\$ 5,441,810	\$ 4,760,452	\$ 2,461,445	\$ 10,939,789	\$ 91,854,595
7,547,491	4,181,574	1,755,475	2,635,670	3,580,123	3,674,756	64,190,024
895,230	80,716	36,981	346,420	-	334,163	3,136,270
321,488	83,839	85,913	272,797	376,622	3,506,244	10,644,305
<u>23,875,189</u>	<u>5,356,901</u>	<u>7,320,179</u>	<u>8,015,339</u>	<u>6,418,190</u>	<u>18,454,952</u>	<u>169,825,194</u>
18,273,258	6,750,256	11,200,056	11,595,157	8,460,495	1,041,292	187,295,780
5,175,010	860,407	97,922	61,653	514,258	3,934,354	13,906,786
4,499,596	2,425,220	2,454,671	2,746,554	1,603,218	2,910,617	39,681,096
3,270,433	2,866,682	2,765,770	3,873,346	3,141,221	686,504	53,499,292
4,925,313	3,671,255	5,141,587	2,016,181	3,046,873	29,726,403	75,376,932
1,306,411	1,383,690	2,870,522	1,621,723	1,706,520	1,432,426	30,377,436
26,906	392,824	434,431	30,952	42,883	209,219	2,280,012
8,341,798	1,542,465	1,945,706	2,513,198	1,269,669	6,118,726	44,912,139
824,646	1,090,935	1,920,811	1,252,650	1,597,669	4,418,003	24,236,012
296,468	210,392	220,889	404,573	88,544	1,559,693	5,910,273
<u>46,939,839</u>	<u>21,194,126</u>	<u>29,052,365</u>	<u>26,115,987</u>	<u>21,471,350</u>	<u>52,037,237</u>	<u>477,475,758</u>
(23,064,650)	(15,837,225)	(21,732,186)	(18,100,648)	(15,053,160)	(33,582,285)	(307,650,564)
16,190,666	13,888,465	18,252,301	15,233,801	13,046,882	36,118,158	259,813,133
7,630,513	1,321,610	2,767,614	2,677,733	1,872,400	-	46,890,513
-	-	-	-	-	5,162,299	5,208,050
3,930,302	622,654	654,079	134,993	116,111	2,500	9,887,158
95,531	-	73	24,824	-	(1,756,852)	(1,626,924)
-	-	(430)	-	-	(14,410,721)	(14,420,800)
<u>(179,488)</u>	<u>4,496</u>	<u>(4,786)</u>	<u>29,297</u>	<u>17,767</u>	<u>29,817</u>	<u>(198,420)</u>
<u>27,667,524</u>	<u>15,837,225</u>	<u>21,668,851</u>	<u>18,100,648</u>	<u>15,053,160</u>	<u>25,145,201</u>	<u>305,552,710</u>
4,602,874	-	(63,335)	-	-	(8,437,084)	(2,097,854)
-	-	-	-	-	8,309,800	8,309,800
-	-	63,335	-	-	127,284	278,639
<u>4,602,874</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,490,585</u>
						<u>260,872,902</u>
						\$ <u>267,363,487</u>

Net assets - July 1, 2002

Total net assets, June 30, 2003

**Maricopa County Community College District**  
**Notes to Supplemental Information**  
**Fiscal Year Ended June 30, 2003**

**NOTE 1 – Statement of Purpose**

The Maricopa County Community College District Statement of Revenues, Expenses, and Changes in Net Assets by College/Center for the Year Ended June 30, 2003, is required by the terms of a Memorandum of Understanding (MOU) between the Maricopa County Community College District (the District) and the North Central Association of Colleges and Schools Commission on Institutions of Higher Education (NCA). The MOU outlines an appropriate pattern of evidence to be made available by the District for purposes of meeting certain NCA Criteria for Accreditation related to financial resources/uses and other assurances. This schedule presents revenues and expenses for each college/center within the District.

**NOTE 2 – Basis of Allocation**

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



# Statistical Section

**Maricopa County Community College District  
Operating Expenses by Function  
Last Two Fiscal Years**

(Dollars in Thousands)

	<u>2002-03</u>	<u>2001-02</u>
Instruction	\$ 187,296	\$ 175,598
Public service	13,907	12,163
Academic support	39,681	38,990
Student services	53,499	49,532
Institutional support	75,377	73,257
Operation and maintenance of plant	30,377	30,998
Scholarships	2,280	2,549
Auxiliary enterprises	44,912	45,083
Depreciation	24,236	21,498
Other	<u>5,910</u>	<u>221</u>
 Total expenses	 <u>\$ 477,475</u>	 <u>\$ 449,889</u>

**(Percent of Total Operating Expenses)**

	<u>2002-03</u>	<u>2001-02</u>
Instruction	39.2 %	39.0 %
Public service	2.9	2.7
Academic support	8.3	8.7
Student services	11.2	11.0
Institutional support	15.8	16.3
Operation and maintenance of plant	6.4	6.9
Scholarships	0.5	0.5
Auxiliary enterprises	9.4	10.0
Depreciation	5.1	4.8
Other	<u>1.2</u>	<u>0.1</u>
 Total	 <u>100.0 %</u>	 <u>100.0 %</u>

Source: Annual Reports on Financial Statements for years presented

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

**Maricopa County Community College District  
Revenues by Source  
Last Two Fiscal Years**

**(Dollars in Thousands)**

	<b>2002-03</b>	<b>2001-02</b>
Property taxes	\$ 259,813	\$ 242,128
State appropriations	55,201	56,531
State-shared sales tax	5,208	4,435
Government grants and contracts	64,190	50,495
Private gifts, grants and contracts	13,301	12,314
Tuition and fees, net of scholarship allowance	91,855	85,148
Investment income, net of investment expense	(1,627)	8,996
Other	10,644	8,806
Total revenues	\$ 498,585	\$ 468,853

**(Percent of Total Revenues)**

	<b>2002-03</b>	<b>2001-02</b>
Property taxes	52.1 %	51.6 %
State appropriations	11.1	12.1
State-shared sales tax	1.0	0.9
Government grants and contracts	12.9	10.8
Private gifts, grants and contracts	2.7	2.6
Tuition and fees, net of scholarship allowance	18.4	18.2
Investment income, net of investment expense	(0.3)	1.9
Other	2.1	1.9
Total	100.0 %	100.0 %

Source: Annual Reports on Financial Statements for years presented

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

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

<b>Fiscal Year</b>	<b>Total Primary Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Current Taxes Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections (1)</b>	<b>Ratio of Total Tax Collections to Total Tax Levy</b>	<b>Outstanding Delinquent Taxes (2)</b>	<b>Ratio of Delinquent Taxes to Total Tax Levy</b>
1993-94	\$113,438,216	\$109,538,404	96.56 %	\$ 3,720,515	\$113,258,919	99.84 %	\$ 3,868,899	3.41 %
1994-95	118,830,665	113,568,756	95.57	2,550,033	116,118,789	97.72	3,642,646	3.07
1995-96	127,583,438	125,004,270	97.98	2,365,494	127,369,764	99.83	3,640,693	2.85
1996-97	136,915,672	133,679,652	97.64	2,641,902	136,321,554	99.57	3,399,451	2.48
1997-98	146,266,234	143,074,486	97.82	2,625,323	145,699,809	99.61	3,564,529	2.44
1998-99	158,025,622	155,061,199	98.12	2,411,702	157,472,901	99.65	3,859,439	2.44
1999-00	171,524,256	167,695,007	97.77	3,457,923	171,152,930	99.78	4,230,766	2.47
2000-01	186,543,632	182,251,528	97.70	3,737,948	185,989,476	99.70	4,784,922	2.57
2001-02	202,409,157	196,807,522	97.23	4,216,776	201,024,298	99.32	6,169,781	3.05
2002-03	220,275,099	215,031,398	97.62	5,437,401	220,468,799	100.09	5,976,081	2.71

<b>Fiscal Year</b>	<b>Maximum Primary Tax Levy (3)</b>	<b>Tax Revenue Recognized (4)</b>
1993-94	\$113,429,840	\$110,885,431
1994-95	119,654,428	115,439,066
1995-96	127,583,281	128,030,334
1996-97	136,570,230	137,000,323
1997-98	147,151,489	146,648,910
1998-99	158,026,342	157,558,395
1999-00	170,115,611	169,540,072
2000-01	187,642,684	185,770,777
2001-02	204,648,094	201,488,138
2002-03	221,156,802	218,867,745

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

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

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

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

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

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

Fiscal Year	Secured Property Values		Unsecured Property Values		Total Property Values		Total Secondary Assessed Value as a Percent of Total Market Value
	Secondary Assessed	Current Market	Secondary Assessed	Current Market	Secondary Assessed	Current Market	
1993-94	\$ 12,300,837	\$ 90,277,507	\$ 1,203,271	\$ 5,328,743	\$ 13,504,108	\$ 95,606,250	14.1 %
1994-95	12,072,197	91,542,251	1,448,978	6,344,921	13,521,175	97,887,172	13.8
1995-96	13,322,347	100,603,839	797,088	4,722,441	14,119,435	105,326,280	13.4
1996-97	13,568,692	103,760,455	774,464	4,173,257	14,343,156	107,933,712	13.3
1997-98	14,854,238	115,551,926	869,260	4,724,629	15,723,498	120,276,555	13.1
1998-99	15,891,850	122,914,557	921,167	5,256,748	16,813,017	128,171,305	13.1
1999-00	17,749,278	137,565,447	927,553	5,226,790	18,676,831	142,792,237	13.1
2000-01	19,813,298	155,135,573	1,064,418	5,771,414	20,877,716	160,906,987	13.0
2001-02	21,748,902	174,348,240	1,164,233	6,304,806	22,913,135	180,653,046	12.7
2002-03	23,303,140	188,031,160	1,153,907	6,204,162	24,457,047	194,235,322	12.6

Source: Maricopa County Department of Finance.

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

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

Fiscal Year	Maricopa County Community College District			Maricopa County	State of Arizona	Education Equalization	Central Arizona Water Conservation District	Other Special Districts	School Districts	Cities
	Primary Levy	Secondary Levy	Total							
1993-94	\$ .8532	\$ -	\$ 0.8532	\$ 1.65	\$ .47	\$ .53	\$ .14	\$ 0 - 3.93	\$ .13 - 18.99	\$ 0 - 2.39
1994-95	.8934	-	.8934	1.65	.47	.53	.14	0 - 3.93	.14 - 10.27	0 - 2.95
1995-96	.9455	.1675	1.1130	1.65	.47	.53	.14	0 - 3.93	.08 - 11.98	0 - 2.90
1996-97	.9772	.0704	1.0476	1.65	.00	.53	.14	1 - 6.46	.11 - 10.22	0 - 2.21
1997-98	.9747	.1599	1.1346	1.65	.00	.53	.14	0 - 4.35	.83 - 12.04	0 - 2.20
1998-99	.9866	.1259	1.1125	1.65	.00	.53	.14	0 - 3.49	.11 - 10.64	0 - 2.20
1999-00	.9741	.1544	1.1285	1.62	.00	.52	.14	0 - 2.99	.28 - 10.05	0 - 2.25
2000-01	.9691	.1503	1.1194	1.57	.00	.51	.13	0 - 3.33	.12 - 9.49	0 - 2.08
2001-02	.9583	.1524	1.1107	1.54	.00	.50	.13	0 - 4.00	.11 - 9.76	0 - 2.24
2002-03	.9634	.1493	1.1127	1.54	.00	.49	.13	0 - 5.10	.47 - 13.65	0 - 2.04

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  
June 30, 2003**

<u>Taxpayer</u>	<u>Type of Property/Business</u>	<u>2002-2003 Secondary Assessed Value</u>	<u>Percentage of 2002-03 Secondary Assessed Value</u>
Arizona Public Service	gas and electric	\$ 692,140,346	2.83 %
Qwest/US West	TV system	365,985,185	1.50
Southern California Edison Company	utility property	169,400,620	0.69
Motorola Computer Group, SPS, GEG	commercial buildings	142,149,454	0.58
El Paso Electric Co.	utility property	142,067,483	0.58
Southwest Gas Corporation	gas and electric	121,237,144	0.50
Intel Corporation	industrial park	108,498,798	0.44
Public Service Company of New Mexico	utility property	80,746,508	0.33
A T & T / Wireless Service	TV system	77,432,255	0.32
Cox Communication	TV system	65,991,170	0.27
Southern California Public Power Authority	utility property	65,570,107	0.27
Scottsdale Fashion Square Partnership	shopping centers	49,837,135	0.20
MCI Telecommunications Corp.	TV system	44,653,734	0.18
Safeway, Inc.	shopping centers	42,791,179	0.17
Wal Mart	shopping centers	41,375,709	0.17
Target	shopping centers	41,312,611	0.17
Sheraton Corp.	resort	37,484,477	0.15
Albertson's	shopping centers	36,233,223	0.15
Wells Fargo	banking	35,717,589	0.15
Arizona MSA #26	TV system	34,472,010	0.14
City of Los Angeles Dept. of Water & Power	utility property	33,974,368	0.14
Honeywell	industrial park	27,624,413	0.11
First American Tax Valuation	resort	27,538,052	0.11
Arizona Mills, LLC	shopping center	25,283,920	0.10
First American Title	vacant land	23,111,258	0.09
Phoenix Newspapers, Inc.	industrial park	19,453,817	0.08
Phoenix SP Hilton LLC	resort	14,982,812	0.06
<b>Total Principal Taxpayers</b>		<u>\$ 2,567,065,377</u>	<u>10.48 %</u>
<b>Countywide Secondary Valuation</b>		<u>\$ 24,457,047,282</u>	<u>100.00 %</u>

Source: Maricopa County Treasurer's Office.

Note: Salt River Project, a local utility, pays an in-lieu tax based on an estimated assessed valuation. The net assessed valuation for tax year 2003 is \$476,051,376.

**Maricopa County Community College District  
Computation of Legal Debt Margin  
Fiscal Year Ended June 30, 2003**

Secondary Assessed Value of Real and Personal Property	<u>\$ 24,457,047,282</u>
Debt Limit, 15% of Secondary Assessed Value	<u>\$ 3,668,557,092</u>
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonded Debt	284,815,000
Amount Available for Debt Repayment	<u>(23,800,000)</u>
Total Debt Applicable to Debt Limit	<u>261,015,000</u>
 <b>Legal Debt Margin</b>	 <u><u>\$ 3,407,542,092</u></u>

Source: Maricopa County Department of Finance and District records.

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

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Secondary Assessed Value of Real Estate (2)</b>	<b>General Obligation Bonds Payable</b>	<b>Amount Available For Retirement of General Obligation Bonded Debt</b>	<b>General Obligation Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt Per Capita</b>
1993-94	2,291,200	\$ 13,504,107,816	\$ -	\$ -	\$ -	- %	\$ -
1994-95	2,355,900	13,521,174,915	104,750,000	-	104,750,000	0.77	44.46
1995-96	2,551,765	14,119,434,946	104,750,000	18,000,000	86,750,000	0.61	34.00
1996-97	2,634,625	14,343,156,861	211,000,000	5,915,000	205,085,000	1.43	77.84
1997-98	2,720,575	15,723,498,194	205,085,000	9,065,000	196,020,000	1.25	72.05
1998-99	2,806,100	16,813,017,261	300,270,000	17,235,000	283,035,000	1.68	100.86
1999-00	2,879,492	18,676,830,848	283,035,000	13,045,000	269,990,000	1.45	93.76
2000-01	3,072,149	20,877,715,546	322,535,000	16,785,000	305,750,000	1.46	99.52
2001-02	3,194,798	22,913,134,480	305,750,000	20,935,000	284,815,000	1.24	89.15
2002-03	3,296,250	24,457,047,282	284,815,000	23,800,000	261,015,000	1.07	79.19

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

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

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

**Maricopa County Community College District  
 Computation of Direct and Overlapping Bonded Debt  
 General Obligation Bonds  
 June 30, 2003**

**Direct Debt:**

Maricopa County Community College District	\$ 284,815,000
Less: Amount available for retirement	<u>23,800,000</u>

<b>Net general obligation debt</b>	<b>261,015,000</b>
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**Overlapping Debt:**

Maricopa County	39,515,000
School Districts	2,195,921,461
Cities and Towns	1,736,020,273
Special Districts	<u>453,349,978</u>

<b>Overlapping debt</b>	<b><u>4,424,806,712</u></b>
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<b>Total direct general obligation and overlapping debt</b>	<b><u><u>\$ 4,685,821,712</u></u></b>
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Source: District records and Maricopa County Department of Finance.

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

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

<b>Fiscal Year</b>	<b>Gross Revenues</b>	<b>Debt Service Requirements</b>			<b>Gross Coverage</b>
		<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
1993-94	\$ 23,403,968	\$ 1,060,000	\$ 1,325,540	\$ 2,385,540	9.8
1994-95	27,367,717	945,000	1,063,858	2,008,858	13.6
1995-96	30,405,422	1,035,000	809,596	1,844,596	16.5
1996-97	31,368,758	1,365,000	736,046	2,101,046	14.9
1997-98	34,432,022	1,435,000	708,966	2,143,966	16.1
1998-99	34,665,465	1,820,000	873,827	2,693,827	12.9
1999-00	39,835,460	1,980,000	796,007	2,776,007	14.3
2000-01	44,346,859	2,080,000	699,732	2,779,732	16.0
2001-02	45,973,895	2,175,000	538,586	2,713,586	16.9
2002-03	49,802,554	3,250,000	952,916	4,202,916	11.8

Source: District records.

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

**Maricopa County Community College District  
Historic Enrollment  
Last Ten Fiscal Years**

**Historic Headcount**

<u>College/Center</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1996-97</u>	<u>1995-96</u>	<u>1994-95</u>	<u>1993-94</u>
Phoenix	23,290	22,289	21,463	21,533	20,660	19,342	19,441	20,387	20,142	20,143
Glendale	34,466	33,259	33,174	32,965	30,975	29,180	29,205	30,056	30,402	29,057
GateWay	16,825	15,954	17,117	15,525	14,860	15,185	14,097	13,730	12,512	12,485
Mesa	41,606	39,869	38,542	38,270	38,589	37,247	36,185	36,300	33,902	32,842
Scottsdale	20,707	19,380	18,095	17,763	16,817	16,074	16,260	17,005	16,742	15,797
Rio Salado	36,990	36,097	34,198	30,410	31,072	25,733	24,717	21,807	21,797	21,913
South Mountain	6,532	6,163	5,764	5,286	5,105	4,470	4,457	4,110	4,069	4,868
Chandler-Gilbert	12,319	10,712	10,038	9,377	7,975	6,872	6,113	5,764	5,419	5,156
Paradise Valley	13,424	12,687	11,600	11,020	10,355	9,965	9,937	9,341	9,048	8,577
Estrella Mountain	9,455	8,291	7,441	7,303	6,836	5,338	4,676	3,836	3,653	3,060
Skill Centers	2,902	2,917	2,197	1,961	1,868	1,505	3,137	3,150	3,039	1,784
Adult Basic Education	16,398	16,401	15,875	21,288	24,368	12,649	-	-	-	-
<b>Total</b>	<b>234,914</b>	<b>224,019</b>	<b>215,504</b>	<b>212,701</b>	<b>209,480</b>	<b>183,560</b>	<b>168,225</b>	<b>165,486</b>	<b>160,725</b>	<b>155,682</b>

**Historic FTSE**

<u>College/Center</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1996-97</u>	<u>1995-96</u>	<u>1994-95</u>	<u>1993-94</u>
Phoenix	6,761	6,297	6,015	5,998	5,826	5,592	5,704	5,908	5,936	6,267
Glendale	10,681	9,760	9,685	9,391	9,070	8,707	8,702	8,718	8,816	8,912
GateWay	3,441	3,046	2,881	2,647	2,601	2,576	2,438	2,516	2,418	2,455
Mesa	14,410	13,375	12,510	12,294	12,341	11,822	11,506	11,258	10,770	10,666
Scottsdale	6,210	5,784	5,316	5,049	4,819	4,624	4,643	4,716	4,773	4,638
Rio Salado	8,771	8,201	8,176	7,310	7,196	6,076	5,647	4,807	4,289	4,078
South Mountain	1,838	1,633	1,515	1,446	1,440	1,367	1,348	1,249	1,283	1,368
Chandler-Gilbert	3,849	3,358	2,927	2,503	2,172	1,913	1,740	1,649	1,596	1,565
Paradise Valley	3,724	3,448	3,275	3,087	2,819	2,571	2,565	2,395	2,239	2,202
Estrella Mountain	2,461	2,116	1,881	1,772	1,641	1,243	1,010	794	728	621
Skill Center	1,114	1,276	969	962	831	885	832	901	810	734
Adult Basic Education	1,566	1,485	1,284	1,174	1,115	500	-	-	-	-
<b>Total</b>	<b>64,826</b>	<b>59,779</b>	<b>56,434</b>	<b>53,633</b>	<b>51,871</b>	<b>47,876</b>	<b>46,135</b>	<b>44,911</b>	<b>43,658</b>	<b>43,506</b>

Source: District records.

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

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

<b>Fiscal Year</b>	<b>Attendance</b>		<b>Enrollment Status</b>			<b>Residency</b>			
	<b>FT</b>	<b>PT</b>	<b>Continuing</b>	<b>First Time</b>	<b>Readmit</b>	<b>Resident</b>	<b>Out of County</b>	<b>Out of State</b>	<b>Foreign</b>
1993-94	22 %	78 %	46 %	38 %	16 %	95 %	1 %	3 %	1 %
1994-95	22	78	44	39	17	94	1	4	1
1995-96	22	78	44	39	17	94	2	3	1
1996-97	22	78	44	39	17	94	2	3	1
1997-98	22	78	44	40	16	94	2	3	1
1998-99	22	78	43	41	16	94	2	3	1
1999-00	22	78	43	42	15	94	2	3	1
2000-01	21	79	42	42	16	93	2	3	2
2001-02	22	78	43	41	16	93	3	2	2
2002-03	23	77	45	40	15	92	4	3	1

<b>Fiscal Year</b>	<b>Gender</b>		<b>Ethnic Background</b>						<b>Median Age</b>
	<b>M</b>	<b>F</b>	<b>Native American</b>	<b>Asian</b>	<b>African American</b>	<b>Hispanic</b>	<b>Anglo</b>	<b>Other</b>	
1993-94	43 %	57 %	2 %	3 %	4 %	12 %	74 %	5 %	26
1994-95	43	57	2	3	4	12	73	6	26
1995-96	43	57	3	3	4	13	71	6	26
1996-97	43	57	3	3	4	14	70	6	25
1997-98	44	56	3	3	4	15	68	7	25
1998-99	44	56	3	3	4	16	66	8	24
1999-00	44	56	3	4	4	16	64	9	24
2000-01	44	56	3	4	4	17	62	10	24
2001-02	44	56	3	4	4	17	61	11	24
2002-03	44	56	3	4	5	17	60	11	24

Source: District records.

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

**District Historic Tuition and Fees**

Fiscal Year	Per Credit Hour			Annual Cost Per Full-time Student	Increase	
	General Tuition	Fees	Combined Total		Dollars	Percent
1993-94	\$ 22.50	\$ 9.50	\$ 32.00	\$ 960.00	\$ 90.00	10.34 %
1994-95	22.50	9.50	32.00	960.00	-	-
1995-96	24.00	10.00	34.00	1,020.00	60.00	6.25
1996-97	24.00	10.00	34.00	1,020.00	-	-
1997-98	26.00	11.00	37.00	1,110.00	90.00	8.82
1998-99	27.00	11.00	38.00	1,140.00	30.00	2.70
1999-00	28.00	12.00	40.00	1,200.00	60.00	5.26
2000-01	28.50	12.50	41.00	1,230.00	30.00	2.50
2001-02	30.50	12.50	43.00	1,290.00	60.00	4.88
2002-03	33.50	12.50	46.00	1,380.00	90.00	6.98

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

Fiscal Year	Maricopa District		National Community College Average (1)		Arizona Universities Average	
	Annual Cost	Percent Change	Annual Cost	Percent Change	Annual Cost	Percent Change
1993-94	\$ 960.00	10.34 %	\$ 1,125.00	9.76 %	\$ 1,844.00	16.00 %
1994-95	960.00	-	1,192.00	5.96	1,894.00	2.71
1995-96	1,020.00	6.25	1,239.00	3.94	1,950.00	2.96
1996-97	1,020.00	-	1,276.00	2.99	2,009.00	3.03
1997-98	1,110.00	8.82	1,314.00	2.98	2,058.00	2.44
1998-99	1,140.00	2.70	1,327.00	0.99	2,158.00	4.86
1999-00	1,200.00	5.26	1,338.00	0.83	2,259.00	4.68
2000-01	1,230.00	2.50	1,333.00	(0.37)	2,344.00	3.76
2001-02	1,290.00	4.88	1,379.00 (2)	3.45	2,486.00	6.06
2002-03	1,380.00	6.98	1,425.00 (2)	3.34 (2)	2,583.00	3.90

Source: District records.

Note 1: U.S. Department of Education, National Center for Education Statistics -- Higher Education Statistics: Student Charges (Digest of Education Statistics 2001)

Note 2: Estimated

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

Fiscal Year	Current Market Property Values (1)				Construction (2)						Bank Deposits (3)
					Commercial		Industrial		Residential		
	Commercial	Industrial	Residential	Total	# of Units	Value	# of Units	Value	# of Permits	Value	
1993-94	\$ 19,379	\$ 31,044	\$ 45,183	\$ 95,606	4,170	\$ 548	129	\$ 50	28,409	\$ 2,433	\$ 19,486
1994-95	18,996	30,884	48,007	97,887	3,205	960	132	145	35,458	3,209	20,017
1995-96	20,260	32,029	53,038	105,327	2,741	1,044	201	414	37,474	3,200	21,172
1996-97	20,497	32,153	55,284	107,934	3,371	1,422	356	788	38,129	3,509	17,806
1997-98	21,976	32,858	65,443	120,277	4,325	1,840	242	234	40,561	3,944	20,297
1998-99	24,210	34,870	69,091	128,171	3,606	2,230	264	378	45,712	4,779	24,940
1999-00	27,959	38,517	76,316	142,792	3,939	1,879	198	211	47,106	5,143	22,331
2000-01	33,130	42,950	84,827	160,907	4,099	2,145	209	253	42,205	4,774	27,337
2001-02	36,021	48,866	95,766	180,653	3,793	2,257	143	346	42,847	5,088	27,859
2002-03	38,761	55,417	100,057	194,235	3,406	1,621	97	86	45,783	5,751	31,629

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

Note 1: Construction figures exclude other construction, such as sheds, fences, signs, and other land improvements.

Note 2: All data is as of December 31.

**Maricopa County Community College District  
Economic Indicators for the Metro Phoenix Area  
June 30, 2003**

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

<u>Type of Industry</u>	<u>September 2003</u>	<u>September 2002</u>	<u>Percent Change</u>
Manufacturing	129.5	144.8	(10.6) %
Mining and Quarrying	2.3	2.3	0.0
Construction	129.8	119.1	9.0
Transportation, Communications, and Public Utilities	96.2	80.9	18.9
Trade	265.7	377.7	(29.7)
Finance, Insurance, and Real Estate	130.2	123.7	5.3
Services and Miscellaneous	641.0	512.3	25.1
Government	217.7	214.3	1.6
 Total Wage and Salary Employment	 <u>1,612.4</u>	 <u>1,575.1</u>	 2.4

<u>Metropolitan Statistical Area</u>	<u>Civilian Labor Force Data (2) (In Thousands)</u>			<u>Unemployment Rate (2)</u>	
	<u>June 2003 Employment</u>	<u>June 2002 Employment</u>	<u>Percent Change</u>	<u>June 2003</u>	<u>June 2002</u>
Phoenix-Mesa Metro Area	1,699.3	1,678.3	1.3 %	5.3 %	5.6 %
Albuquerque, NM	379.7	388.3	(2.2)	6.1	6.2
Dallas, TX	1,925.1	2,080.5	(7.5)	8.0	7.5
Denver, CO	1,186.7	1,190.1	(0.3)	6.2	5.5
Los Angeles-Long Beach, CA	4,429.6	4,828.4	(8.3)	7.1	7.3
Salt Lake City-Ogden, UT	723.4	736.1	(1.7)	6.1	5.5
San Diego, CA	1,426.8	1,475.4	(3.3)	4.5	4.2
Seattle-Bellvue-Everett, WA	1,287.3	1,370.0	(6.0)	7.2	6.5
United States	147,096.0	144,852.0	1.5	6.4	5.8

Sources: (1) Arizona Department of Economic Security.  
(2) U.S. Department of Labor, Bureau of Labor Statistics.

**Maricopa County Community College District  
Top 25 Employers in Maricopa County  
(Ranked by the number of full-time equivalent employees in Arizona)  
June 30, 2003**

<u>Employer</u>	<u>Type of Business</u>	<u>Number of Full-Time Equivalent Employees in Arizona</u>
State of Arizona	state government	49,849
Wal-Mart Stores, Inc.	retail stores	15,895
Maricopa County	county government	15,523
Banner Health Systems	health care	15,521
Honeywell International Inc.	aerospace systems, transportation products	15,000
The Kroger Co.	grocery retailer, supermarkets	13,500
City of Phoenix	city government	13,156
U.S. Postal Service - Arizona District	mail delivery	11,406
Motorola Inc.	electronic systems and services	10,600
Intel Corp.	microcomputer components and related products	10,000
Phillips Petroleum	petroleum refining and marketing	10,000
Arizona State University	university	9,754
America West Holdings	airline, tour operator	9,300
Safeway, Inc.	grocery retailer, supermarkets	9,100
Wells Fargo Bank	banking and financial services	8,800
Bashas' Inc.	grocery retailer, supermarkets	8,784
Mesa Public Schools	education	8,314
Target Corp.	retail stores	8,068
Luke Air Force Base	military installation, USAF	8,000
Qwest Communications International Inc.	telecommunications	7,700
Bank One	banking and financial services	7,600
Pinnacle West Capital Corp.	energy service, real estate development	7,600
American Express	worldwide travel, financial and network services	7,223
Bank of America Corp.	banking and financial services	5,851
Walgreen Co.	drug stores	5,062

Source: The Business Journal Phoenix 2003 Book of Lists, page 168.

**Maricopa County Community College District  
Miscellaneous Statistics  
June 30, 2003**

Established:	1962	
Geographical location:	South-central portion of the State of Arizona	
Altitude:	1,117 feet	
Acreage:	1,316	(includes District Offices and ten campuses)
Students served:	234,914	(County Population: 3,296,250)
Number of faculty:	Full time	1,237
	Part time	3,142
Number of administrative and support staff:	2,678	
Average class size:	18 students	
Degrees and certificates awarded:		
Degrees:	Associate of Arts	616
	Associate of Applied Science	1,687
	Associate of Business	99
	Associate of General Studies	1,546
	Associate in Science	44
	Associate of Transfer Partnership	510
	Certificates of Completion in Occupational Programs:	7,390
Accredited by:	North Central Association of Colleges and Schools Commission on Institutions of Higher Education	

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



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



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