

**REPORT  
HIGHLIGHTS**  
FINANCIAL STATEMENT AUDIT

**Subject**

Maricopa County Community College District issues financial statements annually. The District is responsible for preparing financial statements, maintaining strong internal controls, and demonstrating accountability for its use of public monies. As the auditors, our job is to determine whether the District has met its responsibilities.

**Our Conclusion**

The information in the District's financial statements is fairly stated in all material respects, and the financial statements can be relied on.



**2007**

Year Ended June 30, 2007

**The District Has Over  
\$363 Million Available for  
Capital Improvements**

In November 2004, the voters of Maricopa County approved \$951.4 million in general obligation bonds for capital improvements to the District. In April 2007, the District issued the second series of the 2004 bonds in the amount of \$240 million for capital improvements. The first series of bonds was issued in March 2005 in the amount of \$190.3 million. The District has spent \$133.7 million from these bond proceeds for capital projects, and at June 30, 2007, the District had \$296.6 million in general obligation bond proceeds remaining to use on capital projects. In addition, the District has accumulated \$28.5 million in interest

earned on the general obligation bonds, \$33.1 million in capital appropriations from the State, and \$5.6 million in other sources for future capital projects. In total, the District had \$363.8 million available for capital projects at year-end along with \$521.1 million of the 2004 bonds that were authorized but unissued at year-end. District Management has stated that \$41 million of the available balance had been encumbered at June 30, 2007, and the remaining monies have been earmarked for specific capital projects or reserved to guard against inflation and interest rate fluctuations.

**Condensed Financial  
Information**

The District's financial information is presented in three basic financial statements: Statement of Net Assets; Statement of Revenues, Expenses, and Changes in Net Assets; and Statement of Cash Flows. The District's component unit is not included in the condensed financial information that follows.

**Statement of Net Assets**

The Statement of Net Assets reports all assets and liabilities using the accrual basis of accounting, which is similar to the accounting that most private-sector institutions use. Net assets, the difference between assets and liabilities, are one way to measure the District's financial health. The table to the right presents a condensed Statement of Net Assets as of June 30, 2007.

**Statement of Net Assets  
As of June 30, 2007  
(In Millions)**

<b>Assets</b>	
Current	\$ 282
Noncurrent, other than capital	410
Capital	<u>446</u>
Total assets	<u>1,138</u>
<b>Liabilities</b>	
Current	113
Noncurrent	<u>607</u>
Total liabilities	<u>720</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	110
Restricted	149
Unrestricted	<u>159</u>
Total net assets	<u>\$ 418</u>

## Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets presents the District's operating results, as well as nonoperating revenues and expenses. Revenues and expenses are classified as operating if they relate to the District's primary activities, such as instruction and public service. All other revenues and expenses, such as state appropriations, property tax revenues, and interest paid on capital debt, are considered nonoperating. The change in net assets indicates whether the District's financial health has improved or deteriorated as a result of current-year operations. The District's net assets increased by \$63 million during the fiscal year. The table to the right summarizes the District's revenues and expenses for the year ended June 30, 2007.

## Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the year. This statement helps users assess the District's ability to generate net cash flows to meet its obligations as they come due and the need for external financing. The table to the right shows the net cash flows from each of the District's major activities.

### Revenues and Expenses For the Year Ended June 30, 2007 (In Millions)

<b>Operating Revenues</b>	
Tuition and fees	\$142
Government grants and contracts	70
Other operating revenues	<u>18</u>
Total operating revenues	<u>230</u>
<b>Nonoperating Revenues</b>	
Property taxes	365
State appropriations	57
Other	<u>56</u>
Total nonoperating revenues	<u>478</u>
Total revenues	<u>\$708</u>
<b>Operating Expenses</b>	
Educational and general	\$534
Auxiliary enterprises	64
Depreciation	28
Other	<u>1</u>
Total operating expenses	<u>627</u>
<b>Nonoperating Expenses</b>	
Interest expense on debt	<u>18</u>
Total expenses	<u>\$645</u>
<b>Increase in Net Assets</b>	<u>\$ 63</u>

### Cash Flows For the Year Ended June 30, 2007 (In Millions)

<b>Cash Flows from</b>	
Operating activities	\$(363)
Noncapital financing activities	444
Capital and related financing activities	106
Investing activities	<u>(73)</u>
Net increase in cash	<u>\$ 114</u>

### TO OBTAIN MORE INFORMATION

A copy of the full report  
can be obtained by calling

**(602) 553-0333**



or by visiting  
our Web site at:  
[www.azauditor.gov](http://www.azauditor.gov)

Contact person for  
this report:  
Tara Erickson

## REPORT HIGHLIGHTS FINANCIAL STATEMENT AUDIT

Year Ended June 30, 2007