

**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.

**The District Had Over \$211  
 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 March 2005, the District issued the first series of the 2004 bonds in the amount of \$190.3 million for capital improvements. During fiscal year 2006, the District spent \$39.3 million from these bond proceeds for capital projects, and at June 30, 2006, the District had \$162 million in bond proceeds remaining, which includes \$10 million of interest earned on

these bond proceeds. Also, the District has accumulated over \$50 million in capital appropriations from the state along with other sources for future capital projects. In total, the District had over \$211 million available for capital projects at year-end along with \$761.1 million of the 2004 bonds that were authorized but unissued at year-end. District Management has stated that the 2004 bond proceeds are earmarked for specific capital projects and uses.

**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, 2006.

**Statement of Net Assets**  
 As of June 30, 2006  
 (In Millions)

<b>Assets</b>	
Current	\$243
Noncurrent, other than capital	233
Capital	<u>376</u>
Total assets	<u>852</u>
<b>Liabilities</b>	
Current	81
Noncurrent	<u>417</u>
Total liabilities	<u>498</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	103
Restricted	116
Unrestricted	<u>135</u>
Total net assets	<u>\$354</u>



2006

Year Ended June 30, 2006

## 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 \$40.8 million during the fiscal year. The table to the right summarizes the District's revenues and expenses for the year ended June 30, 2006.

Revenues and Expenses For the Year Ended June 30, 2006 (In Millions)	
<b>Operating Revenues</b>	
Tuition and fees	\$128
Government grants and contracts	72
Other operating revenues	<u>19</u>
Total operating revenues	<u>219</u>
<b>Nonoperating Revenues</b>	
Property taxes	324
State appropriations	55
Other	<u>47</u>
Total nonoperating revenues	<u>426</u>
Total revenues	<u>\$645</u>
<b>Operating Expenses</b>	
Educational and general	\$500
Auxiliary enterprises	64
Depreciation	22
Other	<u>1</u>
Total operating expenses	<u>587</u>
<b>Nonoperating Expenses</b>	
Interest expense on debt	<u>17</u>
Total expenses	<u>\$604</u>

## 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.

Cash Flows For the Year Ended June 30, 2006 (In Millions)	
Cash Flows from	
Operating activities	\$(338)
Noncapital financing activities	396
Capital and related financing activities	(76)
Investing activities	<u>46</u>
Net increase in cash	<u>\$ 28</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:  
Phil Shultz

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Year Ended June 30, 2006