

**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.



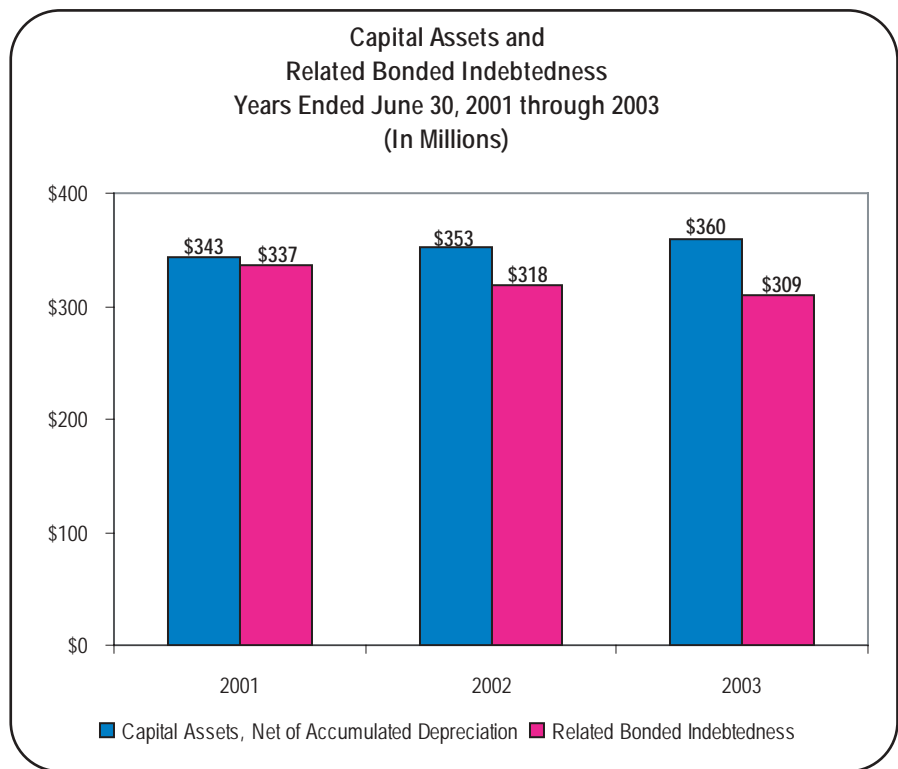
2003

Year Ended June 30, 2003

**The District Continues To
 Invest in Capital Assets
 and Reduce Debt**

Significant construction and renovation activity has occurred at the District's campuses over the past several years. The District has financed a significant portion of its capital assets by issuing bonds to be repaid later from property taxes levied to meet principal and interest payment requirements.

The capital assets balances have increased over the last 2 years as the bond proceeds have been spent. The related bonded debt liabilities have decreased because the District has used property tax revenues to pay bonds during the same time period. The figure below illustrates these trends.



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 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 summary to the right presents a condensed Statement of Net Assets for the year ended June 30, 2003.

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 summary to the right presents the District's revenues and expenses for the year ended June 30, 2003.

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 summary to the right shows the net cash flows from each of the District's major activities.

Statement of Net Assets As of June 30, 2003 (In Millions)

Assets	
Current	\$179
Noncurrent, other than capital	89
Capital	<u>360</u>
Total assets	<u>628</u>
Liabilities	
Current	58
Noncurrent	<u>303</u>
Total liabilities	<u>361</u>
Net Assets	
Invested in capital assets, net of related debt	104
Restricted	59
Unrestricted	<u>104</u>
Total net assets	<u>\$267</u>

Revenues and Expenses For the Year Ended June 30, 2003 (In Millions)

Operating Revenues	
Tuition and fees	\$ 92
Government grants and contracts	64
Other operating revenues	<u>14</u>
Total operating revenues	<u>170</u>
Nonoperating Revenues	
Property taxes	260
State appropriations	47
Other	21
Total nonoperating revenues	<u>328</u>
Total revenues	<u>\$498</u>
Operating Expenses	
Educational and general	\$402
Auxiliary enterprises	45
Depreciation	24
Other	<u>6</u>
Total operating expenses	<u>477</u>
Nonoperating Expenses	
Interest expense on debt	<u>14</u>
Total expenses	<u>\$491</u>

Cash Flows For the Year Ended June 30, 2003 (In Millions)

Cash Flows from	
Operating activities	\$(287)
Noncapital financing activities	322
Capital and related financing activities	(48)
Investing activities	<u>14</u>
Net increase in cash	<u>\$ 1</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.auditorgen.state.az.us

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REPORT HIGHLIGHTS FINANCIAL STATEMENT AUDIT

Year Ended June 30, 2003