

**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.



**2002**

Year Ended June 30, 2002

**New Standards Change the  
 Focus of Financial Reporting**

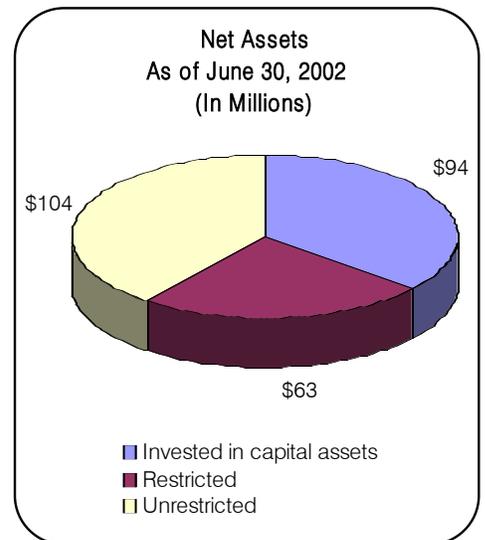
During fiscal year 2002, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*. This Statement establishes new external financial reporting standards for public colleges and universities.

GASB Statement No. 35 requires the District to present financial statements on a consolidated basis to focus on the District as a whole; previously, financial statements focused on the accountability of individual fund groups. The new standards require three basic financial statements: Statement of Net Assets; Statement of Revenues, Expenses, and Changes in Net Assets; and Statement of Cash Flows.

**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. Net assets include three major categories. The first category—invested in capital assets, net of related debt—shows the District's equity in property, plant, and equipment.

The next category—restricted net assets—show the net resources available for certain District expenses. These net assets must be used for purposes determined by donors and external entities that have placed purpose restrictions on the use of those resources. The third category—unrestricted net assets—are net resources available to the District to fund general operations. The chart below illustrates the components of the District's net assets as of June 30, 2002.



## 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, with the exception that capital appropriations, grants, and gifts are reported separately. The summaries to the right present the District's revenues and expenses for the year ended June 30, 2002.

### Revenues For the Year Ended June 30, 2002 (In Millions)

<b>Operating Revenues</b>	
Tuition and fees	\$ 85
Government grants and contracts	50
Private grants and contracts	3
Other operating revenues	<u>9</u>
Total operating revenues	<u>147</u>
<b>Nonoperating Revenues</b>	
Property taxes	242
State appropriations	48
State-shared sales taxes	4
Private gifts	9
Investment income	<u>9</u>
Total nonoperating revenues	<u>312</u>
Capital appropriations	8
Capital grants and gifts	<u>1</u>
Total nonoperating revenues	<u>321</u>
Total revenues	<u>\$468</u>

### Expenses For the Year Ended June 30, 2002 (In Millions)

<b>Operating Expenses</b>	
Educational and General:	
Instruction	\$176
Public service	12
Academic support	39
Student services	50
Institutional support	73
Operation and maintenance of plant	31
Scholarships	3
Auxiliary enterprises	45
Depreciation	<u>21</u>
Total operating expenses	<u>450</u>
<b>Nonoperating Expenses</b>	
Interest expense on debt	15
Total nonoperating revenues	<u>15</u>
Total expenses	<u>\$465</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 summary to the right shows the net cash flows from each of the District's major activities.

### Cash Flows For the Year Ended June 30, 2002 (In Millions)

Cash Flows from	
Operating activities	\$(282)
Non-capital financing activities	303
Capital and related financing activities	(57)
Investing activities	<u>55</u>
Net increase in cash	<u>\$ 19</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](http://www.auditorgen.state.az.us)

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Year Ended June 30, 2002