

REPORT HIGHLIGHTS SINGLE AUDIT

Subject

The District is responsible for preparing financial statements, complying with federal and state laws, and maintaining strong internal controls over compliance and financial reporting. As the auditors, our job is to determine whether the District has met its responsibilities. The District's Single Audit Reporting Package includes our report on the District's financial statements, including its Schedule of Expenditures of Federal Awards, and our reports on the District's compliance and internal control.

Our Conclusion

The information in the District's financial statements is fairly stated in all material respects, and the financial statements can be relied upon. The District also maintained adequate internal controls over financial reporting with one exception and over federal compliance, and complied with federal program requirements for the programs tested. For the financial reporting control weakness noted, the report recommends that the District separate cash-handling and recording responsibilities among employees to safeguard cash.



2003

Year Ended June 30, 2003

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 as of 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 Thousands)

Assets	
Current	\$ 8,360
Noncurrent, other than capital	128
Capital	<u>31,125</u>
Total assets	<u>39,613</u>
Liabilities	
Current	3,396
Noncurrent	<u>8,726</u>
Total liabilities	<u>12,122</u>
Net Assets	
Invested in capital assets, net of related debt	21,171
Restricted	249
Unrestricted	<u>6,071</u>
Total net assets	<u>\$27,491</u>

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

Operating Revenues	
Tuition and fees	\$ 1,807
Government grants and contracts	4,245
Other operating revenues	<u>1,125</u>
Total operating revenues	<u>7,177</u>
Nonoperating Revenues	
Property taxes	8,335
State appropriations	5,967
Other nonoperating revenues	<u>1,430</u>
Total nonoperating revenues	<u>15,732</u>
Total revenues	<u>\$22,909</u>
Operating Expenses	
Educational and general	\$17,625
Auxiliary enterprises	1,230
Depreciation	<u>851</u>
Total operating expenses	<u>19,706</u>
Nonoperating Expenses	
Interest expense on debt	<u>601</u>
Total expenses	<u>\$20,307</u>

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

Cash flows from	
Operating activities	\$(11,435)
Noncapital financing activities	12,636
Capital and related financing activities	(6,009)
Investing activities	<u>17</u>
Net decrease in cash	<u>\$ (4,791)</u>



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Year Ended June 30, 2003