

## REPORT HIGHLIGHTS FINANCIAL STATEMENTS

### Subject

Pima County Community College District is responsible for preparing annual financial statements, maintaining strong internal controls over financial reporting, 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. However, auditors identified an internal control weakness in the District's financial report preparation procedures, which is summarized on page 2.



2010

Year Ended June 30, 2010

## Summary of Financial Information

A condensed summary of the District's basic financial statements follows:

**Statement of Net Assets**—This statement reports all of the District's assets, liabilities, and net assets using the accrual basis of accounting. Net assets, the difference between assets and liabilities, are reported in three major categories:

- Invested in capital assets, net of related debt shows the equity in land, buildings, and equipment.
- Restricted net assets shows the net resources that must be used for restricted purposes as specified by external parties.
- Unrestricted net assets shows the net resources available for general operations.

**Statement of Revenues, Expenses, and Changes in Net Assets**—This statement shows how net assets changed during the year. Revenues and expenses are reported as either operating or nonoperating. The change in net assets indicates whether the District's financial health has improved or deteriorated as a result of the current-year operations. The District's net assets increased by \$11.9 million during the fiscal year.

Condensed Statement of Net Assets June 30, 2010 (In Millions)	
<b>Assets:</b>	
Current	\$108.5
Noncurrent, other than capital	4.2
Capital	124.5
Total assets	237.2
<b>Liabilities:</b>	
Current	16.9
Noncurrent	21.3
Total liabilities	38.2
<b>Net Assets:</b>	
Invested in capital assets, net of related debt	106.0
Restricted	7.2
Unrestricted	85.8
Total net assets	\$199.0

Condensed Statement of Revenues, Expenses, and Changes in Net Assets Year Ended June 30, 2010 (In Millions)	
<b>Operating revenues:</b>	
Tuition and fees, net of scholarship allowance	\$ 32.4
Contracts	5.1
Other operating revenues	3.6
Total operating revenues	41.1
<b>Operating expenses:</b>	
Educational and general	185.3
Auxiliary enterprises	0.4
Depreciation	7.9
Total operating expenses	193.6
Operating loss	(152.5)
<b>Nonoperating revenues and expenses:</b>	
Property taxes	97.6
Grants and gifts	49.9
State appropriations and state sales tax	17.9
Other nonoperating, net	(1.0)
Net nonoperating revenues	164.4
Increase in net assets	11.9
Net assets—beginning of year	187.1
Net assets—end of year	\$199.0

# Summary of Audit Finding

Further details about this finding were included in the Report on Internal Control and Compliance. The finding is summarized below.

**Financial Report Preparation Policies and Procedures**—The District had not maintained adequate financial statement preparation procedures to include detailed guidelines and a thorough review process. Auditors found it necessary to recommend several adjustments to help ensure that the reported financial information was consistent, clear, and accurate.

**Auditor Recommendations**—The District should strengthen its policies and procedures to include.

- Detailed instructions for obtaining the necessary information from the accounting system and other data sources.
- A checklist that will help preparers and reviewers verify that all related amounts reconcile within the financial report.
- A formalized process in which an employee who is not responsible for the financial statement preparation reviews the report prior to auditor review to ensure that the amounts are accurate and properly supported.

## TO OBTAIN MORE INFORMATION

Copies of the District's Comprehensive Annual Financial Report and Report on Internal Control and Compliance are available at:  
**[www.azauditor.gov](http://www.azauditor.gov)**

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Year Ended June 30, 2010