

**REPORT  
 HIGHLIGHTS**  
 FINANCIAL STATEMENT AUDIT

**Subject**

Pima 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 financial statements is fairly stated in all material respects, and the financial statements can be relied upon.

**District Implements  
 New Accounting  
 Standard**

During fiscal year 2004, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. This Statement provided criteria for determining whether organizations should be reported as component units based on the nature and significance of their relationship with the District.

The implementation of this Standard resulted in the District's reporting the Pima Community College Foundation Inc. (Foundation) as part of its reporting entity. Consequently, the District's financial statements include separate financial information for the Foundation. However, the statements do not include the Foundation's cash flow information because GASB Statement 39 does not require that it be included.

The following tables present summaries of the District's financial statements.

	District	Foundation
<b>Assets</b>		
Current	\$ 66	\$3
Restricted	4	2
Capital	157	
Other noncurrent	8	
Total assets	<u>235</u>	<u>5</u>
<b>Liabilities</b>		
Current	17	
Noncurrent	91	
Total liabilities	<u>108</u>	
<b>Net Assets</b>		
Invested in capital assets, net of related debt	67	
Restricted	7	5
Unrestricted	53	
Total net assets	<u>\$127</u>	<u>\$5</u>

	District	Foundation
<b>Operating Revenues</b>		
Tuition and fees	\$ 24	
Federal grants and contracts	25	
State and local grants and contracts	7	
Other operating revenues	2	\$5
Total operating revenues	<u>58</u>	<u>5</u>
<b>Nonoperating Revenues</b>		
State appropriations	18	
Property taxes	77	
Share of state sales taxes	2	
Other nonoperating revenues	2	
Total nonoperating revenues	99	
Capital appropriations, gifts, and grants	4	
Total revenues	<u>\$161</u>	<u>\$5</u>
<b>Operating Expenses</b>		
Educational and General	\$130	\$4
Auxiliary enterprises	1	
Depreciation	8	
Total operating expenses	<u>139</u>	<u>4</u>
<b>Nonoperating Expenses</b>		
Interest on capital asset-related debt	5	
Total nonoperating expenses	5	
Total expenses	<u>\$144</u>	<u>\$4</u>

	District
<b>Cash Flows from</b>	
Operating activities	\$(75)
Noncapital financing activities	96
Capital and related financing activities	(26)
Investing activities	1
Net decrease in cash	<u>\$(4)</u>



2004

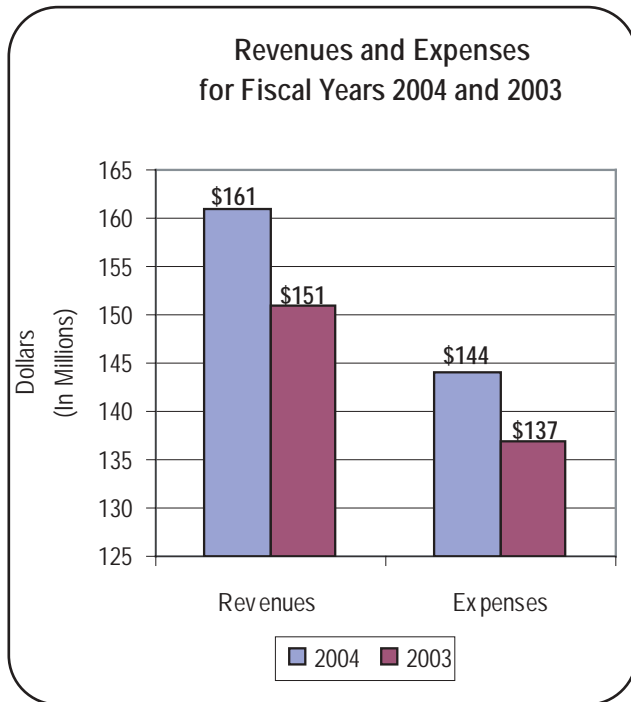
Year Ended June 30, 2004

# District's Revenues and Expenses Increase by Over 5 Percent

The District's revenues and expenses increased by over 5 percent compared to the prior year. Revenues increased by approximately \$10 million, or 6.6 percent, while expenses increased by approximately \$7 million, or 5.1 percent.

The main reasons for the increase in revenues were an increase in tuition of approximately \$4 million and an increase in property taxes of approximately \$6 million. Tuition increased because of an increase in tuition rates and property taxes increased because of an increase in property values.

The increase in expenses resulted from an increase in operating expenses of approximately \$11 million and a decrease in nonoperating expenses of approximately \$4 million. Operating expenses increased primarily because of increased salaries and fringe benefits and increased operation and maintenance of plant costs. Nonoperating expenses decreased mainly because of a reduction in losses related to capital assets disposals and a reduction in interest on capital related debt.



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)

Contact person for this report:  
Rebecca Rosenberg

REPORT HIGHLIGHTS  
FINANCIAL STATEMENT AUDIT

Year Ended June 30, 2004