

**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.



2003

Year Ended June 30, 2003

The District Continues to Invest in Capital Assets

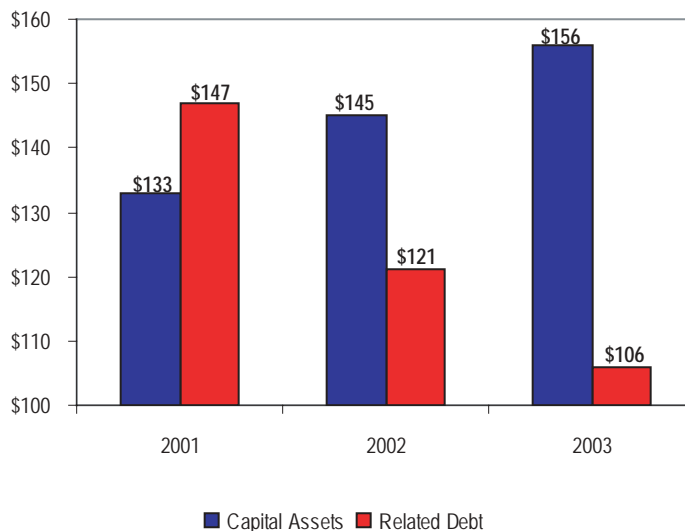
Significant construction and renovation activity has occurred at the District's campuses the past 3 years.

Most of the District's current-year construction occurred at the new Northwest campus. At year end, construction at the campus was still in progress and the District estimated that it would cost \$7.1 million to complete. In addition, the District estimated that its

other unfinished construction projects would cost approximately \$3.3 million to complete.

The District has financed a significant portion of its capital assets with bonded debt. Although the capital assets balances have increased over the past 3 years, related bonded debt liabilities have decreased due to debt principal payments during the same time period. The figure below illustrates these trends.

Capital Assets and Related Debt Balances
 Years Ended June 30, 2001 through 2003



District's 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 table to the right presents a summarized Statement of 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 educational activities; otherwise, they are classified as 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 below shows the net cash flows from each of the District's major activities.

Cash Flows from	
Operating activities	\$(64)
Noncapital financing activities	92
Capital and related financing activities	(39)
Investing activities	<u>4</u>
Net decrease in cash	<u>\$ (7)</u>

Assets	
Current	\$ 66
Restricted	11
Capital	156
Other noncurrent	<u>4</u>
Total assets	<u>237</u>
Liabilities	
Current	17
Noncurrent	<u>110</u>
Total liabilities	<u>127</u>
Net Assets	
Invested in capital assets, net of related debt	54
Restricted	6
Unrestricted	<u>50</u>
Total net assets	<u>\$110</u>

Operating Revenues	
Tuition and fees	\$ 20
Federal grants and contracts	24
State and local grants and contracts	9
Other operating revenues	<u>2</u>
Total operating revenues	<u>55</u>
Nonoperating Revenues	
State appropriations	18
Property taxes	71
Share of state sales taxes	2
Other nonoperating revenues	<u>2</u>
Total nonoperating revenues	93
Capital appropriations, gifts, and grants	<u>3</u>
Total revenues	<u>\$151</u>
Operating Expenses	
Educational and General	\$120
Auxiliary enterprises	1
Depreciation	<u>7</u>
Total operating expenses	<u>128</u>
Nonoperating Expenses:	
Interest on capital asset-related debt	6
Other nonoperating expenses	<u>3</u>
Total nonoperating expenses	9
Total expenses	<u>\$137</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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Year Ended June 30, 2003