

**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, 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 and federal compliance, and complied with the federal program requirements for the programs tested.



2004

Year Ended June 30, 2004

**District's Condensed
Financial Information**

The following tables present summarized versions of the District's Statement of Net Assets and its Statement of Revenues, Expenses, and Changes in Net Assets.

Statement of Net Assets
As of June 30, 2004 and 2003
(In Thousands)

	2004	2003
Assets		
Current	\$17,960	\$16,202
Capital	<u>33,258</u>	<u>34,142</u>
Total assets	<u>51,218</u>	<u>50,344</u>
Liabilities		
Current	898	1,001
Noncurrent	<u>508</u>	<u>474</u>
Total liabilities	<u>1,406</u>	<u>1,475</u>
Net Assets		
Invested in capital assets	33,258	34,142
Restricted	259	122
Unrestricted	<u>16,295</u>	<u>14,605</u>
Total net assets	<u>\$49,812</u>	<u>\$48,869</u>

Revenues and Expenses
For the Years Ended June 30, 2004 and 2003
(In Thousands)

	2004	2003
Operating Revenues		
Tuition and fees	\$ 1,751	\$ 1,720
Government grants and contracts	4,466	4,081
Other operating revenues	<u>892</u>	<u>779</u>
Total operating revenues	<u>7,109</u>	<u>6,580</u>
Nonoperating Revenues		
State appropriations	12,526	11,833
Property taxes	1,979	1,928
Other nonoperating revenues	<u>640</u>	<u>139</u>
Total nonoperating revenues	15,145	13,900
Capital appropriations	<u>617</u>	<u>649</u>
Total revenues	<u>22,871</u>	<u>21,129</u>
Operating Expenses		
Educational and general	18,437	17,587
Auxiliary enterprises	1,945	1,889
Depreciation	<u>1,547</u>	<u>1,493</u>
Total operating expenses	<u>21,929</u>	<u>20,969</u>
Nonoperating Expenses:		
Other nonoperating expenses	<u>0</u>	<u>3,815</u>
Total nonoperating expenses	<u>0</u>	<u>3,815</u>
Total expenses	<u>\$21,929</u>	<u>\$24,784</u>

**The District Implements New
Financial Reporting Standard**

During fiscal year 2004, the District implemented Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. This Statement requires reporting as a component unit in the District's financial statements those legally separate tax-exempt organizations that raise and hold assets for the District's direct benefit. Organizations that meet all of the following criteria are reported as discretely presented component units in the District's financial statements:

- The assets that an organization received or held are entirely or almost entirely for the District's or its students' direct benefit.

- The District is entitled to or has the ability to otherwise access a majority of the assets that the organization received or held.
- The assets that an organization received or held and that the District is entitled to or has the ability to otherwise access are significant to the District.

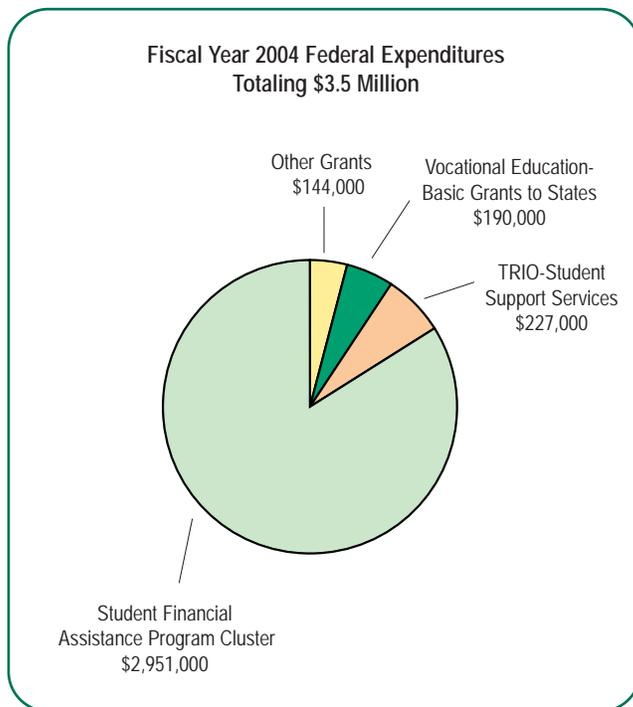
As a result of implementing this statement, the District's financial statements now include financial information for the Eastern Arizona College Foundation.

The District Spent \$3.5 Million of Federal Monies

The District spent \$3.5 million of federal monies and additional required District matching monies this past year for nine federal grant programs. The largest federal grants were for student financial assistance. Under the guidelines established by the Single Audit Act, auditors tested

the following federal programs, collectively referred to as the Student Financial Assistance Program Cluster:

- Federal Supplemental Educational Opportunity Grants
- Federal Work-Study Program
- Federal Pell Grant Program



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

Contact person for this report:
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The Single Audit Fact Sheet

- No weaknesses in financial reporting or federal compliance internal controls.
- No violations of federal program compliance requirements.
- No program costs were questioned as a result of our audit.

REPORT HIGHLIGHTS SINGLE AUDIT

Year Ended June 30, 2004