

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 complied with the federal program requirements for the programs tested.



2002

Year Ended June 30, 2002

New Standards Change the Focus of Financial Reporting

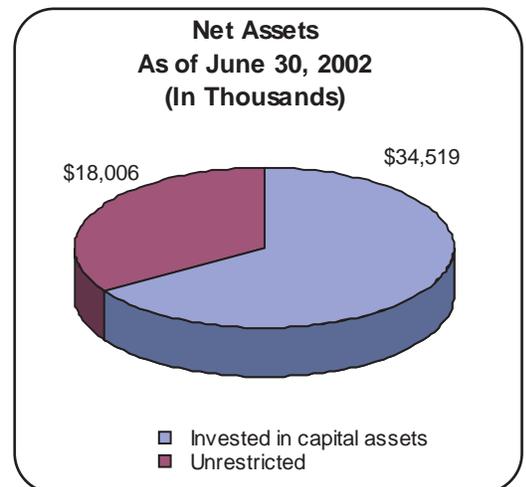
During fiscal year 2002, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*. This Statement establishes new external financial reporting standards for public colleges and universities.

GASB Statement No. 35 requires the District to present financial statements on a consolidated basis to focus on the District as a whole; previously, financial statements focused on the accountability of individual fund groups. The new standards require three basic financial statements: Statement of Net Assets; Statement of Revenues, Expenses, and Changes in Net Assets; and Statement of Cash Flows.

Statement of Net Assets

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. Net assets include three major categories. The first category—invested in capital assets—shows the District's equity in property, plant, and equipment.

The next category—restricted net assets—shows the net resources available for certain District expenses. These net assets must be used for purposes determined by donors and external entities that have placed purpose restrictions on the use of those resources. The District did not have any restricted net assets at June 30, 2002. The third category—unrestricted net assets—are net resources available to the District to fund general operations. The chart below illustrates the components of the District's net assets as of June 30, 2002.



Statement of Revenues, Expenses, and Changes in 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 activities, such as instruction and student services.

All other revenues such as state appropriations and property tax revenues are considered nonoperating, with one exception. Capital appropriations and contributions are reported separately following nonoperating revenues. The summaries below present the District's revenues and expenses for the year ended June 30, 2002.

Revenues For the Year Ended June 30, 2002 (In Thousands)

Operating Revenues	
Tuition and fees	\$ 1,959
Government grants and contracts	6,363
Private grants and contracts	18
Food service income	250
Dormitory rentals and fees	238
Other	<u>370</u>
Total operating revenues	<u>\$ 9,198</u>
Nonoperating Revenues	
Property taxes	\$ 1,783
State appropriations	13,160
Share of state sales taxes	438
Investment income	728
Gain on disposal of capital assets	<u>63</u>
Total nonoperating revenues	<u>16,172</u>
Capital contributions	<u>639</u>
Total revenues	<u>\$26,009</u>

Expenses For the Year Ended June 30, 2002 (In Thousands)

Operating Expenses	
Educational and general:	
Instruction	\$ 8,688
Academic support	508
Student services	2,679
Institutional support	3,816
Operation and maintenance of plant	2,145
Scholarships	2,275
Auxiliary enterprises	1,875
Depreciation	<u>1,364</u>
Total expenses	<u>\$23,350</u>

Statement of Cash Flows

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.

Cash Flows For the Year Ended June 30, 2002 (In Thousands)

Cash Flows from	
Operating activities	\$(12,835)
Noncapital financing activities	15,415
Capital and related financing activities	(10,747)
Investing activities	<u>853</u>
Net decrease in cash	<u>\$(7,314)</u>

The District spent \$3.5 million of federal monies

The District spent \$3.5 million of federal monies and additional required state matching monies this past year for 8 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

The Single Audit Fact Sheet

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



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:
Rebecca Rosenberg

**Graham County
Community College
District**

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Year Ended June 30, 2002