

**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 on.



2007

Year Ended June 30, 2007

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 District's component unit is not included in the condensed financial information that follows.

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. The summary to the right presents a condensed Statement of Net Assets as of June 30, 2007.

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 public service. All other revenues and expenses, such as state appropriations, property tax revenues, and interest paid on capital debt, are considered nonoperating. The change in net assets indicates whether the District's financial health has improved or deteriorated as a result of current-year operations. The District's net assets showed an increase of \$11 million. The summary to the right presents the District's revenues and expenses for the year ended June 30, 2007.

Statement of Net Assets
As of June 30, 2007
 (In Millions)

Assets	
Current	\$ 81
Restricted	3
Capital	143
Other noncurrent	<u>4</u>
Total assets	<u>231</u>
Liabilities	
Current	16
Noncurrent	<u>59</u>
Total liabilities	<u>75</u>
Net Assets	
Invested in capital assets, net of related debt	85
Restricted	10
Unrestricted	<u>61</u>
Total net assets	<u>\$156</u>

Revenues and Expenses
For the Year Ended June 30, 2007
 (In Millions)

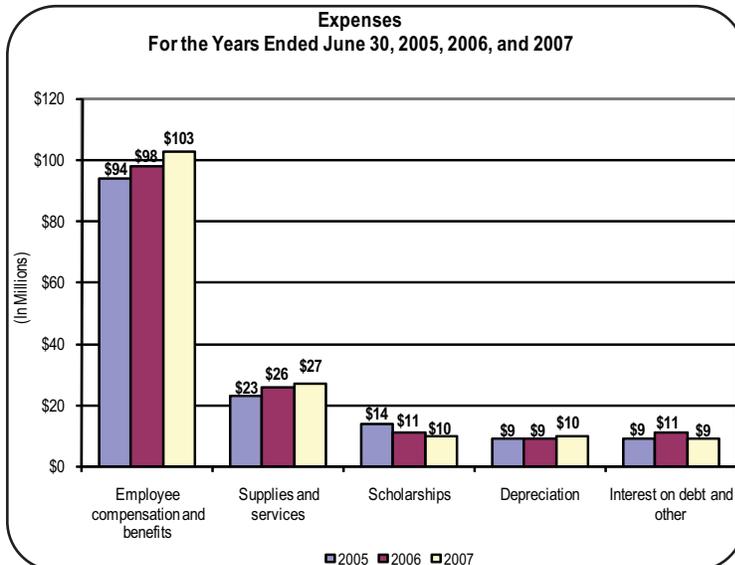
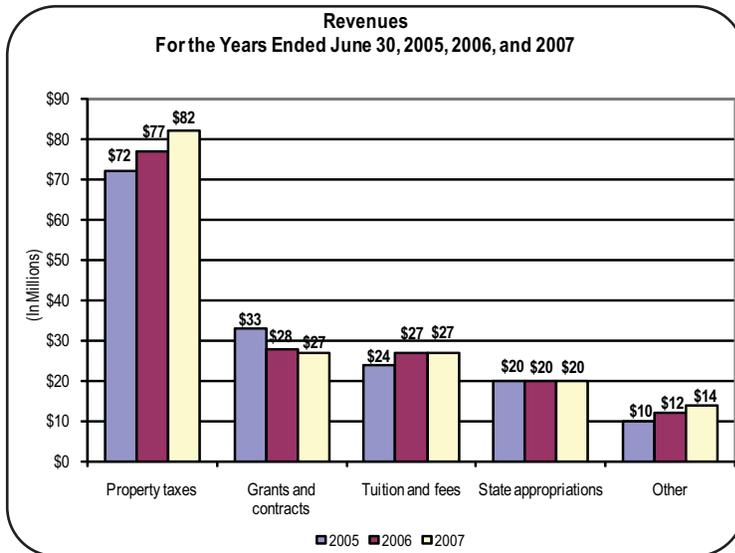
Operating Revenues	
Tuition and fees	\$ 27
Federal grants and contracts	21
State and local grants and contracts	6
Other operating revenues	<u>2</u>
Total operating revenues	<u>56</u>
Nonoperating Revenues	
Property taxes	82
State appropriations	20
Share of state sales taxes	3
Other	<u>9</u>
Total nonoperating revenues	<u>114</u>
Total revenues	<u>\$170</u>
Operating Expenses	
Educational and general	\$145
Auxiliary enterprises	1
Depreciation	<u>10</u>
Total operating expenses	<u>156</u>
Nonoperating Expenses	
Interest on capital asset-related debt	<u>3</u>
Total expenses	<u>\$159</u>

Revenues and Expenses

Between fiscal years 2005 and 2007, the District's revenues have increased by \$11 million. As shown in the first chart below, this increase was primarily due to increases in property tax revenue and other revenues. Property tax revenue increased by \$10 million primarily from increases in property valuations and new construction, and other revenues increased by \$4 million primarily due to

increases in investment income resulting from higher interest rates and an increase in gifts received.

Between fiscal years 2005 and 2007, the District's expenses have increased by \$10 million. As shown in the second chart below, this increase was primarily due to the increased cost of employee compensation and benefits, largely from higher salaries and the increased cost of supplies and services predominately from utility cost increases.



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 become 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, 2007
(In Millions)

Cash flows from	
Operating activities	\$(91)
Noncapital financing activities	104
Capital and related financing activities	(14)
Investing activities	5
Net increase in cash	<u>\$ 4</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.azauditor.gov

Contact person for this report:
Donna Miller

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FINANCIAL STATEMENT AUDIT

Year Ended June 30, 2007