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.
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.