



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Single Audit

**Maricopa County
Community College District**
Year Ended June 30, 2003



Debra K. Davenport
Auditor General

The **Auditor General** is appointed by the Joint Legislative Audit Committee, a bipartisan committee composed of five senators and five representatives. Her mission is to provide independent and impartial information and specific recommendations to improve the operations of state and local government entities. To this end, she provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits of school districts, state agencies, and the programs they administer.



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Maricopa County Community College District
Single Audit Reporting Package
Year Ended June 30, 2003

Table of Contents

Page

Comprehensive Annual Financial Report

Issued Separately

Single Audit Section

| | |
|---|---|
| Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 1 |
| Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 | 3 |
| Schedule of Expenditures of Federal Awards | 5 |
| Schedule of Findings and Questioned Costs | |
| Summary of Auditors' Results | 9 |



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

**STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL**

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report on Compliance and on Internal Control over
Financial Reporting Based on an Audit of Basic Financial Statements
Performed in Accordance with *Government Auditing Standards***

Members of the Arizona State Legislature

The Governing Board of
Maricopa County Community College District

We have audited the basic financial statements of Maricopa County Community College District as of and for the year ended June 30, 2003, and have issued our report thereon dated December 8, 2003. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Governing Board, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Dennis L. Mattheisen, CPA
Financial Audit Director

December 8, 2003



**STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL**

DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control over Compliance in
Accordance with OMB Circular A-133**

Members of the Arizona State Legislature

The Governing Board of
Maricopa County Community College District

Compliance

We have audited the compliance of Maricopa County Community College District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The District's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Maricopa County Community College District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of internal control over compliance would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the District's basic financial statements as of and for the year ended June 30, 2003, and have issued our report thereon dated December 8, 2003. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Governing Board, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Dennis L. Mattheisen, CPA
Financial Audit Director

February 20, 2004, except for the
Schedule of Expenditures of Federal Awards,
for which the date is December 8, 2003

Maricopa County Community College District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2003

| Federal Grantor/Pass-Through Grantor/Program Title | CFDA Number (Note 2) | Pass-Through Grantor's Number | Direct Expenditures | Pass- Through Expenditures | Total Expenditures (Note 3) |
|---|----------------------------|----------------------------------|------------------------|----------------------------------|-----------------------------------|
| U.S. Agency for International Development | | | | | |
| Passed through the Association Liaison Office for University Cooperation in Development | | | | | |
| Microenterprise and Health Care Initiatives | 02.unknown | HNE-A-00-97-00059-00 | \$ 14,815 | \$ 2,574 | \$ 17,389 |
| U.S. Department of Agriculture | | | | | |
| Passed through the Arizona Department of Education | | | | | |
| Child and Adult Care Food Program | 10.558 | 07-24-27 | 5,029 | | 5,029 |
| U.S. Department of Housing and Urban Development | | | | | |
| Direct grants | | | | | |
| Community Development Block Grants/Brownfield's Economic Development Initiative | | | | | |
| | 14.246 | | 318,710 | | 318,710 |
| Hispanic-Serving Institutions Assisting Communities | | | | | |
| | 14.514 | | 6,140 | | 6,140 |
| Total direct grants | | | | | |
| | | | 324,850 | | 324,850 |
| Passed through the City of Mesa | | | | | |
| Community Development Block Grants/Entitlement Grants | | | | | |
| | 14.218 | 8250 | 285 | | 285 |
| Passed through the City of Phoenix | | | | | |
| Community Development Block Grants/Entitlement Grants | | | | | |
| | 14.218 | 103039 | 51,465 | | 51,465 |
| Passed through the City of Tucson | | | | | |
| Community Development Block Grants/Entitlement Grants | | | | | |
| | 14.218 | 0083-03 | 4,070 | | 4,070 |
| Total U.S. Department of Housing and Urban Development | | | | | |
| | | | 380,670 | | 380,670 |
| U.S. Department of Justice | | | | | |
| Passed through the Governor's Office of Community and Family Programs | | | | | |
| Violence Against Women Formula Grants | 16.588 | AD010270-007 | 51,431 | | 51,431 |
| U.S. Department of Labor | | | | | |
| Direct grants | | | | | |
| Occupational Safety and Health-Susan Harwood Training Grants | | | | | |
| | 17.502 | | 92,212 | | 92,212 |
| Passed through the American Association of Community Colleges | | | | | |
| Employment Services and Job Training Pilots—Demonstrations and Research | | | | | |
| | 17.249 | X-7046-9-00-80-60 | 23,769 | | 23,769 |
| Passed through the Arizona Department of Commerce | | | | | |
| WIA Adult Program | | | | | |
| | 17.258 | RFGA AD920049 | 25,476 | | 25,476 |
| Passed through the Navajo Department of Workforce Development | | | | | |
| Native American Employment and Training | | | | | |
| | 17.265 | C23087 | 405,795 | | 405,795 |
| Total U.S. Department of Labor | | | | | |
| | | | 547,252 | | 547,252 |
| Library of Congress | | | | | |
| Passed through Education and Research Consortium | | | | | |
| American Mind | 42.unknown | 00G-LIB-ND001 | 186,827 | | 186,827 |
| National Aeronautics and Space Administration | | | | | |
| Direct grants | | | | | |
| Precollege Achievement of Excellence in Mathematics, Science, and Technology | | | | | |
| | 43.NAG4-234 | | 22,229 | | 22,229 |
| Estrella Mountain Center for Success in Math and Science | | | | | |
| | 43.NAG5-12476 | | 56,901 | | 56,901 |
| Total direct grants | | | | | |
| | | | 79,130 | | 79,130 |
| Passed through Tuskegee University | | | | | |
| Aerospace Education Services Program | | | | | |
| | 43.001 | 30 12090 072 | 10,000 | | 10,000 |
| Total National Aeronautics and Space Administration | | | | | |
| | | | 89,130 | | 89,130 |
| National Science Foundation | | | | | |
| Direct grants | | | | | |
| Education and Human Resources | 47.076 | | 852,891 | 65,953 | 918,844 |

(Continued)

See accompanying notes to schedule.

Maricopa County Community College District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2003
(Continued)

| Federal Grantor/Pass-Through Grantor/Program Title | CFDA Number (Note 2) | Pass-Through Grantor's Number | Direct Expenditures | Pass- Through Expenditures | Total Expenditures (Note 3) |
|--|----------------------------|---|------------------------|----------------------------------|-----------------------------------|
| National Science Foundation (Concl'd) | | | | | |
| Passed through the American Association of Community Colleges Education and Human Resources | 47.076 | DUE-0087049 | \$ 14,086 | | \$ 14,086 |
| Passed through the Arizona Board of Regents Education and Human Resources | 47.076 | ESR-0135526 | 24,317 | | 24,317 |
| Passed through Arizona State University Education and Human Resources | 47.076 | 01-035, 03-009, 03-010, 03-011, S02US009, S02US010, F02US010, F02US011, F02US002, S0SUS004, S0SUS005, S0SUS007 | 64,355 | | 64,355 |
| Passed through San Juan College Education and Human Resources | 47.076 | DUE-0101725 | 33,730 | | 33,730 |
| Passed through the University of Arizona Education and Human Resources | 47.076 | Y541198 | 163,834 | \$ 17,850 | 181,684 |
| Passed through the University of New Mexico Education and Human Resources | 47.076 | DUE-0101311 | 18,455 | | 18,455 |
| Passed through the University of South Florida Education and Human Resources | 47.076 | 2106-364-LO-A | 5,109 | | 5,109 |
| Total National Science Foundation | | | <u>1,176,777</u> | <u>83,803</u> | <u>1,260,580</u> |
| U.S. Small Business Administration | | | | | |
| Small Business Development Center | 59.037 | | <u>682,915</u> | <u>783,723</u> | <u>1,466,638</u> |
| U.S. Department of Education | | | | | |
| Student Financial Assistance Cluster | | | | | |
| Federal Supplemental Educational Opportunity Grants | 84.007 | | 1,455,847 | | 1,455,847 |
| Federal Family Education Loans | 84.032 | | 41,180,801 | | 41,180,801 |
| Federal Work-Study Program | 84.033 | | 1,927,103 | | 1,927,103 |
| Federal Perkins Loan Program—Federal Capital Contributions | 84.038 | | 1,450,422 | | 1,450,422 |
| Federal Pell Grant Program | 84.063 | | 43,399,380 | | 43,399,380 |
| Federal Direct Student Loans | 84.268 | | 6,182,654 | | 6,182,654 |
| Total Student Financial Assistance Cluster | | | <u>95,596,207</u> | | <u>95,596,207</u> |
| TRIO Cluster | | | | | |
| TRIO—Student Support Services | 84.042 | | 479,988 | | 479,988 |
| TRIO—Upward Bound | 84.047 | | 291,635 | | 291,635 |
| TRIO—Upward Bound—passed through the Arizona Board of Regents | 84.047 | P047A990454 | 10,000 | | 10,000 |
| Total TRIO Cluster | | | <u>781,623</u> | | <u>781,623</u> |
| Direct grants | | | | | |
| Higher Education—Institutional Aid | 84.031 | | 1,168,169 | | 1,168,169 |
| Fund for the Improvement of Postsecondary Education | 84.116 | | 63,263 | | 63,263 |
| Business and International Education Projects | 84.153 | | 35 | | 35 |
| Fund for the Improvement of Education | 84.215 | | 82 | | 82 |
| Total direct grants | | | <u>1,232,549</u> | | <u>1,232,549</u> |
| Passed through the Arizona Board of Regents | | | | | |
| Leveraging Educational Assistance Partnership | 84.069 | None | 194,031 | | 194,031 |
| Eisenhower Professional Development State Grants | 84.281 | 990000-02 | 18,772 | | 18,772 |
| Improving Teacher Quality State Grants | 84.367 | 992002-02 | 37,626 | | 37,626 |
| Total passed through the Arizona Board of Regents | | | <u>250,429</u> | | <u>250,429</u> |

(Continued)

See accompanying notes to schedule.

Maricopa County Community College District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2003
(Continued)

| Federal Grantor/Pass-Through Grantor/Program Title | CFDA Number (Note 2) | Pass-Through Grantor's Number | Direct Expenditures | Pass- Through Expenditures | Total Expenditures (Note 3) |
|---|----------------------------|---|------------------------|----------------------------------|-----------------------------------|
| U.S. Department of Education (Concl'd) | | | | | |
| Passed through the Arizona Department of Education Adult Education—State Grant Program | 84.002 | 02FAEABE-270579-01A, 03-FAEABE-370579-01A, 02-FAECIV-270579-03A 03-FAECIV-370579-03A | \$ 1,843,492 | | \$ 1,843,492 |
| Vocational Education—Grants to States | 84.048 | 02-FVEDBG-270570-01A, 03-FCTDBG-37057001A | 964,853 | | 964,853 |
| Tech-Prep Education | 84.243 | 02-FVEDTP-270576-01A, 03-FCTDTP-370576-01A | <u>241,476</u> | | <u>241,476</u> |
| Total passed through the Arizona Department of Education | | | <u>3,049,821</u> | | <u>3,049,821</u> |
| Passed through Arizona State University Special Education—Grants to States | 84.027 | 01-03-ED | 41,672 | | 41,672 |
| Bilingual Education—Professional Development | 84.195 | 2001065 | 40,130 | | 40,130 |
| Special Education—Personnel Preparation to Improve Services and Results for Children with Disabilities | 84.325 | H325H000087 | 34,752 | | 34,752 |
| Teacher Quality Enhancement Grants | 84.336 | 00163, 00173 | <u>245,371</u> | | <u>245,371</u> |
| Total passed through Arizona State University | | | <u>361,925</u> | | <u>361,925</u> |
| Passed through the El Camino Community College District Training Interpreters for Individuals who are Deaf and Individuals who are Deaf-Blind | 84.160 | H160A000009 | 2,326 | | 2,326 |
| Passed through Glendale Union High School District Tech-Prep Education | 84.243 | None | 1,340 | | 1,340 |
| Passed through the League for Innovation Vocational Education—National Centers for Career and Technical Education | 84.051 | V051B0200001 | 4,668 | | 4,668 |
| Passed through the Polaris Joint Vocational School District Technology Innovation Challenge Grants | 84.303 | R303A980063 | <u>358,448</u> | | <u>358,448</u> |
| Total U.S. Department of Education | | | <u>101,638,336</u> | | <u>101,638,336</u> |
| U.S. Department of Health and Human Services | | | | | |
| Passed through the Maricopa County Human Services Department Head Start | 93.600 | C-22-01-018-2 | <u>6,738</u> | | <u>6,738</u> |
| Corporation for National and Community Service | | | | | |
| Direct grants Learn and Serve America—Higher Education | 94.005 | | 158,821 | 211,538 | 370,359 |
| Passed through the American Association of Community Colleges Learn and Serve America—Higher Education | 94.005 | 00LHEDC001 | 1,333 | | 1,333 |
| Passed through the University of Denver AmeriCorps | 94.006 | 35830-315401 | <u>6,460</u> | | <u>6,460</u> |
| Total for Corporation for National and Community Service | | | <u>166,614</u> | <u>211,538</u> | <u>378,152</u> |
| Total Expenditures of Federal Awards | | | <u>\$104,946,534</u> | <u>\$1,081,638</u> | <u>\$106,028,172</u> |

See accompanying notes to schedule.

Maricopa County Community College District
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2003

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Maricopa County Community College District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2 - Catalog of Federal Domestic Assistance (CFDA) Numbers

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2000 or 2003 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier, a period, and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier, a period, and the word "unknown" were used.

Note 3 - Loans Outstanding

The expenditures reported on the Schedule of Expenditures of Federal Awards for the Federal Perkins Loan Program—Federal Capital Contributions (CFDA No. 84.038) included loan balances outstanding at June 30, 2003, of \$1,301,610.

Maricopa County Community College District
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2003

Summary of Auditors' Results

Financial Statements

| | | |
|--|-------------|----------------------------------|
| Type of auditors' report issued: | Unqualified | |
| | Yes | No |
| Material weakness identified in internal control over financial reporting? | _____ | _____ X _____ |
| Reportable condition identified not considered to be a material weakness? | _____ | _____ X _____ (None reported) |
| Noncompliance material to the financial statements noted? | _____ | _____ X _____ |

Federal Awards

| | | |
|--|-------------|----------------------------------|
| Material weakness identified in internal control over major programs? | _____ | _____ X _____ |
| Reportable condition identified not considered to be a material weakness? | _____ | _____ X _____ (None reported) |
| Type of auditors' report issued on compliance for major programs: | Unqualified | |
| Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510[a])? | _____ | _____ X _____ |

Identification of major programs:

| CFDA Number | Name of Federal Program or Cluster |
|-------------|--|
| | Student Financial Assistance Cluster: |
| 84.007 | Federal Supplemental Educational Opportunity Grants |
| 84.032 | Federal Family Education Loans |
| 84.033 | Federal Work-Study Program |
| 84.038 | Federal Perkins Loan Program—Federal Capital Contributions |
| 84.063 | Federal Pell Grant Program |
| 84.268 | Federal Direct Loan |
| 94.005 | Learn and Serve America—Higher Education |

| | |
|--|---------------|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$1,716,429 |
| Auditee qualified as low-risk auditee? | _____ X _____ |

Other Matters

| | |
|---|---------------|
| Auditee's Summary Schedule of Prior Audit Findings required to be reported in accordance with Circular A-133 (section .315[b])? | _____ X _____ |
|---|---------------|