



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Single Audit

Maricopa County Community College District

Year Ended June 30, 2004



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.



Copies of the Auditor General's reports are free.
You may request them by contacting us at:

Office of the Auditor General

2910 N. 44th Street, Suite 410 • Phoenix, AZ 85018 • (602) 553-0333

Additionally, many of our reports can be found in electronic format at:

www.auditorgen.state.az.us

Maricopa County Community College District
Single Audit Reporting Package
Year Ended June 30, 2004

Table of Contents

Page

Comprehensive Annual Financial Report

Issued Separately

Single Audit Section

Report on Internal Control over Financial Reporting and on Compliance and Other Matters 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



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

DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters 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 financial statements of the business-type activities and discretely presented component unit of Maricopa County Community College District as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 22, 2004. Our report was modified as to consistency because of the implementation of Governmental Accounting Standards Board Statement No. 39 and modified due to our reliance on the report of the other auditors. 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. The financial statements of the discretely presented component unit were not audited by the other auditors in accordance with *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 opinions on the basic financial statements and not to provide an opinion 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 reportable 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 caused by error or fraud 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.

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of 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 or other matters that are required to be reported under *Government Auditing Standards*.

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

November 22, 2004



**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, 2004. 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 of 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, 2004.

Internal Control over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the 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 reportable 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 caused by error or fraud 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 financial statements of the business-type activities and discretely presented component unit of Maricopa County Community College District as of and for the year ended June 30, 2004, and have issued our report thereon dated November 22, 2004. Our report was modified as to consistency because of the implementation of Governmental Accounting Standards Board Statement No. 39 and modified due to our reliance on the report of the other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. 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

December 15, 2004, except for the
Schedule of Expenditures of Federal Awards,
for which the date is November 22, 2004

Maricopa County Community College District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2004

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 Agriculture					
Passed through the Arizona Department of Education Child and Adult Care Food Program	10.558	07-24-27	\$ 9,753		\$ 9,753
Passed through the Arizona State Land Department Cooperative Forestry Assistance	10.664	H-6	<u>7,100</u>		<u>7,100</u>
Total U.S. Department of Agriculture			<u>16,853</u>		<u>16,853</u>
U.S. Department of Defense					
Direct grant Basic Scientific Research	12.431		<u>134,432</u>		<u>134,432</u>
U.S. Department of Housing and Urban Development					
Direct grants					
Community Development Block Grants/Brownfields Economic Development Initiative	14.246		283,891		283,891
Hispanic-Serving Institutions Assisting Communities	14.514		<u>181,922</u>		<u>181,922</u>
Total direct grants			<u>465,813</u>		<u>465,813</u>
Passed through the City of Phoenix Community Development Block Grants/Entitlement Grants	14.218	110373	3,850		3,850
Passed through the City of Tucson Community Development Block Grants/Entitlement Grants	14.218	0197-04	<u>10,000</u>		<u>10,000</u>
Total U.S. Department of Housing and Urban Development			<u>479,663</u>		<u>479,663</u>
U.S. Department of the Interior					
Direct grant U.S. Geological Survey—Research and Data Collection	15.808		<u>14,287</u>		<u>14,287</u>
U.S. Department of Justice					
Passed through the Governor's Office for Children, Youth, and Families Violence Against Women Formula Grants	16.588	ST-IGA-04-4366-00	<u>12,440</u>		<u>12,440</u>
U.S. Department of Labor					
Direct grant Occupational Safety and Health—Susan Harwood Training Grants	17.502		28,326		28,326
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	16,420		16,420
WIA Cluster					
Passed through the Arizona Department of Commerce WIA Adult Program	17.258	RFGA AD920049	9,608		9,608
Passed through the Arizona Department of Economic Security WIA Dislocated Workers	17.260	E5704034	38,273		38,273
Passed through the City of Phoenix WIA Adult Program	17.258	111176	<u>2,462</u>		<u>2,462</u>
Total WIA Cluster			<u>50,343</u>		<u>50,343</u>
Total U.S. Department of Labor			<u>95,089</u>		<u>95,089</u>
National Aeronautics and Space Administration					
Direct grants					
Precollege Achievement of Excellence in Mathematics, Science, and Technology	43.NAG4-234		98,437		98,437
Estrella Mountain Center for Success in Math and Science	43.NAG5-12476		<u>28,505</u>		<u>28,505</u>
Total National Aeronautics and Space Administration			<u>126,942</u>		<u>126,942</u>

(Continued)

See accompanying notes to schedule.

Maricopa County Community College District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2004
(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					
Direct grants					
Engineering Grants	47.041		\$ 54,651		\$ 54,651
Education and Human Resources	47.076		<u>1,134,548</u>	<u>\$ 45,074</u>	<u>1,179,622</u>
Total direct grants			<u>1,189,199</u>	<u>45,074</u>	<u>1,234,273</u>
Passed through the American Association of Community Colleges					
Education and Human Resources	47.076	DUE-0087049	10,473		10,473
Passed through the Arizona Board of Regents					
Education and Human Resources	47.076	ESR-0135526	3,613		3,613
Passed through Arizona State University					
Education and Human Resources	47.076	03-009, 03-010, 03-011 S03US005, S03US007 F03US003, F03US002, F03US013, S04US003, S04US004, S04US001	74,173		74,173
Passed through the University of Arizona					
Education and Human Resources	47.076	Y541198	65,284	74,424	139,708
Passed through the University of New Mexico					
Education and Human Resources	47.076	DUE-0101311	13,252		13,252
Passed through the University of South Florida					
Education and Human Resources	47.076	2106-364-LO-A	<u>5,109</u>		<u>5,109</u>
Total National Science Foundation			<u>1,361,103</u>	<u>119,498</u>	<u>1,480,601</u>
U.S. Small Business Administration					
Direct grant					
Small Business Development Center	59.037		<u>732,172</u>	<u>783,867</u>	<u>1,516,039</u>
U.S. Department of Education					
Student Financial Assistance Cluster					
Federal Supplemental Educational Opportunity Grants	84.007		1,508,980		1,508,980
Federal Family Education Loans	84.032		59,075,928		59,075,928
Federal Work-Study Program	84.033		1,922,303		1,922,303
Federal Perkins Loan Program—Federal Capital Contributions	84.038		1,401,609		1,401,609
Federal Pell Grant Program	84.063		52,159,931		52,159,931
Federal Direct Student Loans	84.268		<u>8,098,972</u>		<u>8,098,972</u>
Total Student Financial Assistance Cluster			<u>124,167,723</u>		<u>124,167,723</u>
TRIO Cluster					
TRIO—Student Support Services	84.042		448,653		448,653
TRIO—Upward Bound	84.047		<u>242,077</u>		<u>242,077</u>
Total TRIO Cluster			<u>690,730</u>		<u>690,730</u>
Direct grants					
Higher Education—Institutional Aid	84.031		1,250,209		1,250,209
Fund for the Improvement of Postsecondary Education	84.116		242,930		242,930
Fund for the Improvement of Education	84.215		<u>83,393</u>		<u>83,393</u>
Total direct grants			<u>1,576,532</u>		<u>1,576,532</u>
Passed through the Arizona Board of Regents					
Tech-Prep Demonstration Grants	84.353	V353A030014	24,282		24,282
Improving Teacher Quality State Grants	84.367	992002-02, 992003-02	<u>98,882</u>		<u>98,882</u>
Total passed through the Arizona Board of Regents			<u>123,164</u>		<u>123,164</u>
Passed through the Arizona Commission for Postsecondary Education Leveraging Educational Assistance Partnership	84.069	None	237,217		237,217

(Continued)

See accompanying notes to schedule.

Maricopa County Community College District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2004
(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	04FAEABE-470579-02A, 04FAECIV-470579-01A	\$ 1,796,291		\$ 1,796,291
Title I Grants to Local Educational Agencies	84.010	04FAATTI-460034-02A	30,016		30,016
Special Education—Grants to States	84.027	04FESCBG-460034-01A	16,745		16,745
Vocational Education—Basic Grants to States	84.048	04FCTDBG-470570-02A, 03FCTDBG-370570-01A	1,033,619		1,033,619
Tech-Prep Education	84.243	04-FCTDTP-470576-01A, 04FCTDTP-470576-02A, 03-FCTDTP-370576-01A	273,017	\$ 76,076	349,093
State Grants for Innovative Programs	84.298	04FAATVA-460034-04A	2,699		2,699
Education Technology State Grants	84.318	04FAAETF-470570-07A	246		246
Eisenhower Professional Development State Grants	84.281	04FAATII-460034-03A	6,624		6,624
Total passed through the Arizona Department of Education			<u>3,159,257</u>	<u>76,076</u>	<u>3,235,333</u>
Passed through Arizona State University					
Bilingual Education—Professional Development	84.195	2001065	39,327		39,327
Special Education—Personnel Preparation to Improve Services and Results for Children with Disabilities	84.325	H325H000087	6,984		6,984
Teacher Quality Enhancement Grants	84.336	00163, 00173	282,945		282,945
Early Childhood Educator Professional Development	84.349	S349A030112	122,068		122,068
Total passed through Arizona State University			<u>451,324</u>		<u>451,324</u>
Passed through the El Camino Community College District					
Training Interpreters for Individuals Who Are Deaf and Individuals Who Are Deaf-Blind	84.160	H160A00009	3,170		3,170
Passed through Glendale Union High School District					
Tech-Prep Education	84.243	None	5,114		5,114
Passed through the League for Innovation					
Vocational Education—National Programs	84.051	V051B0200001	91,877		91,877
Passed through the Polaris Joint Vocational School District					
Technology Innovation Challenge Grants	84.303	R303A980063	97,919		97,919
Passed through Scottsdale Unified School District					
Mathematics and Science Partnerships	84.366	04FAAMSP-460725-26A	19,388		19,388
Passed through the Stevens Institute of Technology					
Preparing Tomorrow's Teachers to Use Technology	84.342	527226-03	15,467		15,467
Total U.S. Department of Education			<u>130,638,882</u>	<u>76,076</u>	<u>130,714,958</u>
U.S. Department of Health and Human Services					
Passed through the Maricopa County Human Services Department					
Head Start	93.600	C-22-04-012-2	10,064		10,064
Corporation for National and Community Service					
Direct grant					
Learn and Serve America—Higher Education	94.005		224,355	126,638	350,993
Passed through the University of Denver					
AmeriCorps	94.006	35830-315401	4,540		4,540
Total Corporation for National and Community Service			<u>228,895</u>	<u>126,638</u>	<u>355,533</u>
Total Expenditures of Federal Awards			<u>\$133,850,822</u>	<u>\$1,106,079</u>	<u>\$134,956,901</u>

See accompanying notes to schedule.

Maricopa County Community College District
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2004

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 2004 *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, 2004, of \$1,289,314.

Maricopa County Community College District
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2004

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 Student Loans

Dollar threshold used to distinguish between Type A and Type B programs:	\$1,991,412	
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 _____
---	-------	---------------