

**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, 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 and complied with federal program requirements, except for an internal control weakness and instance of noncompliance for the Student Financial Assistance Cluster.



2005

Year Ended June 30, 2005

**District's Condensed  
 Financial Information**

The following tables present summarized versions of the District's Statement of Net Assets and its Statement of Revenues, Expenses, and Changes in Net Assets.

	2005	2004
<b>Assets</b>		
Current	\$14,736	\$11,060
Noncurrent assets, other than capital assets	5,351	7,561
Capital assets, net of depreciation	<u>36,208</u>	<u>32,215</u>
Total assets	<u>56,295</u>	<u>50,836</u>
<b>Liabilities</b>		
Current	6,416	4,315
Noncurrent	<u>21,322</u>	<u>22,295</u>
Total liabilities	<u>27,738</u>	<u>26,610</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	15,467	14,544
Restricted	3,429	3,077
Unrestricted	<u>9,661</u>	<u>6,605</u>
Total net assets	<u>\$28,557</u>	<u>\$24,226</u>

Revenues and Expenses  
For the Years Ended June 30, 2005 and 2004  
(In Thousands)

	2005	2004
<b>Operating Revenues</b>		
Tuition and fees	\$ 3,355	\$ 3,551
Government grants and contracts	6,343	6,022
Other	<u>1,324</u>	<u>1,773</u>
Total operating revenues	<u>11,022</u>	<u>11,346</u>
<b>Nonoperating Revenues</b>		
Property taxes	23,413	21,315
State appropriations	5,659	5,660
Other	886	659
Total nonoperating revenues	<u>29,958</u>	<u>27,634</u>
Capital appropriations	711	658
Capital grants and gifts	<u>1,310</u>	<u>22</u>
Total revenues	<u>\$43,001</u>	<u>\$39,660</u>
<b>Operating Expenses</b>		
Educational and general	\$33,969	\$30,996
Auxiliary enterprises	1,608	1,816
Depreciation	<u>1,955</u>	<u>2,132</u>
Total operating expenses	<u>37,532</u>	<u>34,944</u>
<b>Nonoperating Expenses</b>		
Interest expense	1,138	1,093
Other	<u>491</u>	<u>491</u>
Total nonoperating expenses	<u>1,138</u>	<u>1,584</u>
Total expenses	<u>\$38,670</u>	<u>\$36,528</u>

**The District Incorrectly Awarded Federal  
 Financial Assistance to Students**

The District included open entry/open exit courses when calculating student financial assistance awards. Open entry/open exit courses are considered nonterm classes and require a different formula to calculate awards than used to calculate term classes if they exceed 50 percent of the students total credit hours. Auditors noted that 193 of the 1,612 students who were given student financial assistance awards during fiscal year 2005 were enrolled in open entry/open exit courses, which exceeded 50 percent of their total credit hours. These students were awarded almost \$324,000. It was not practical to extend our auditing procedures sufficiently

to determine the amount of questioned costs, if any, by recalculating the federal awards for the 193 students described above. However, the District is recalculating the awards and may have to repay the federal government that portion of the federal assistance awards made to students enrolled in open entry/open classes if the students were eligible for less financial assistance under the correct formula than originally awarded. This finding was considered a reportable condition and immaterial noncompliance for the Student Financial Assistance Cluster.

# The District Spent More Than \$5.6 Million of Federal Monies

The District expended more than \$5.6 million from 18 federal programs during fiscal year 2005. Under the guidelines established by the Single Audit Act, auditors tested the following programs:

- Student Financial Assistance Cluster:
  - Federal Supplemental Educational Opportunity Grants
  - Federal Work-Study Program
  - Federal Pell Grant Program
- Police Corps
- Higher Education—Institutional Aid

Major federal programs tested represented 77 percent of the District's fiscal year 2005 federal expenditures.

## The Single Audit Fact Sheet

- No weaknesses in financial reporting were noted.
- One weakness in federal compliance internal controls was noted that resulted in immaterial noncompliance with federal compliance requirements.
- No program-questioned costs were noted 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.azauditor.gov](http://www.azauditor.gov)

Contact person for this report:  
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Year Ended June 30, 2005