

REPORT HIGHLIGHTS

SINGLE AUDIT

Subject

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. The District's Single Audit Reporting Package includes our report on the District's financial statements, 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 financial statements is fairly stated in all material respects, and the financial statements can be relied on. The District maintained adequate internal controls over financial reporting and adequate internal controls over and complied with federal requirements. However, auditors found internal control weaknesses and an instance of federal noncompliance, as summarized on page 2.



2007

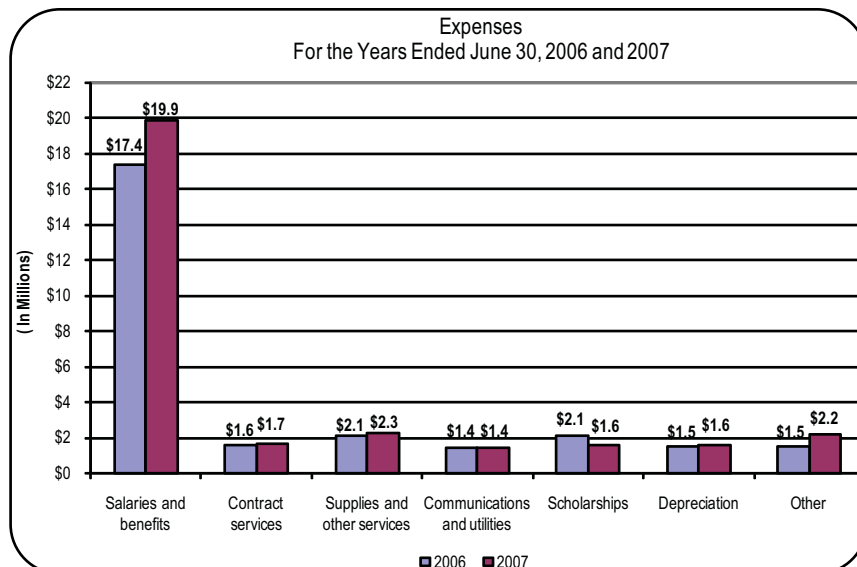
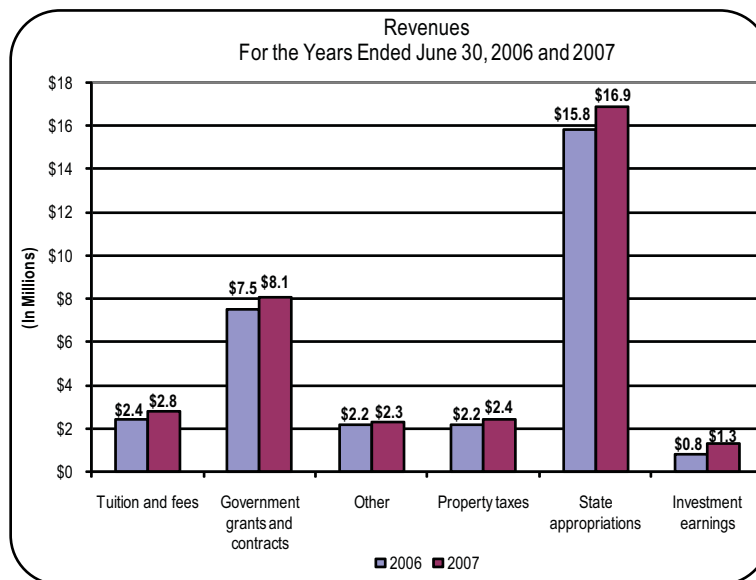
Year Ended June 30, 2007

District Revenues and Expenses

Revenues and Expenses

In fiscal year 2007, the District's revenues increased by \$2.9 million, and its expenses increased by \$3.1 million over the prior year. The increase in revenues was primarily due to additional appropriations received from the State of

Arizona, a higher return on the District's investments, and increased contract fees charged for providing educational services to students in Gila County. The increase in the District's expenses was primarily due to higher salaries and benefits costs for district employees.

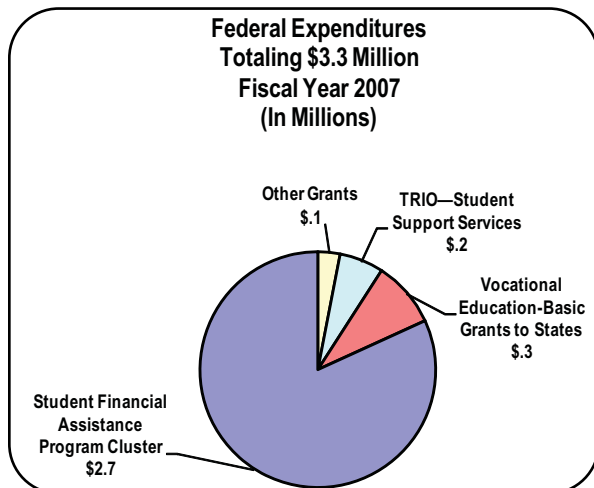


The District Spent \$3.3 Million of Federal Monies

The District spent \$3.3 million of federal monies and additional required district matching monies this past year for 11 federal grant programs. The largest federal grants were for student financial assistance. Under the guidelines established by the Single Audit Act, auditors tested the Student Financial

Assistance Program Cluster, which included the following federal programs:

- Federal Supplemental Educational Opportunity Grants
- Federal Work-Study Program
- Federal Pell Grant Program
- Academic Competitiveness Grants



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

The District Should Strengthen Certain Controls over Financial Reporting and Federal Compliance

Auditors found two internal control weaknesses over financial reporting and one internal control weakness and noncompliance with federal cash management requirements as follows:

Financial statement findings:

- The District had to restate its beginning net assets to include the Discovery Park, a blended component unit, because it could not obtain the necessary records in the prior year.

- The District needs to develop and implement adequate policies and procedures over its stewardship and accountability of capital assets.

Federal award finding:

- The District should improve its internal control procedures so that it closely monitors student financial assistance cash balances, and if positive cash balances exist, it should follow federal guidelines to eliminate the excess balances.

The Single Audit Fact Sheet

- Two weaknesses in financial reporting internal controls.
- One weakness in federal compliance internal controls for the Student Financial Aid Cluster that resulted in an immaterial violation of federal compliance requirements.
- No program costs were questioned as a result of our audit.

REPORT HIGHLIGHTS SINGLE AUDIT

Year Ended June 30, 2007