



**Graham County Community College District**

# **Annual Financial Report**

**June 30, 2005**



**Graham County**  
**Community College District**  
(Eastern Arizona College)  
Single Audit Reporting Package  
June 30, 2005

**GRAHAM COUNTY COMMUNITY COLLEGE DISTRICT  
(EASTERN ARIZONA COLLEGE)  
Single Audit Reporting Package  
Year Ended June 30, 2005**

<b>Table of Contents</b>	<b>Page</b>
<b>Financial Section</b>	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Statement of Net Assets – Primary Government	8
Statement of Financial Position – Component Unit	9
Statement of Revenues, Expenses, and Changes in Net Assets – Primary Government	10
Statement of Activities – Component Unit	11
Statement of Cash Flows – Primary Government	12
Notes to Financial Statements	14
Supplementary Information	
Schedule of Expenditures of Federal Awards	25
<b>Single Audit Section</b>	
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 <i>Government Auditing Standards</i>	28
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	30
Schedule of Findings and Questioned Costs	
Summary of Auditors' Results	32

**Graham County  
Community College District**  
(Eastern Arizona College)  
Financial Section  
June 30, 2005



DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

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

WILLIAM THOMSON  
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Governing Board of  
Graham County Community College District

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Graham County Community College District as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts for the discretely presented component unit, is based solely 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the discretely presented component unit were not audited by the other auditors in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Graham County Community College District as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 1, the District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*, for the year ended June 30, 2005, which represents a change in accounting principle.

The Management's Discussion and Analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted 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 listed in the table of contents is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2006, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Debbie Davenport  
Auditor General

February 28, 2006



## **Management's Discussion and Analysis**

This discussion and analysis provides an overview of the District's financial activities for the year ended June 30, 2005. Please read it in conjunction with the financial statements, which immediately follow.

### Basic Financial Statements:

The District's financial statements are presented in accordance with standards established by the Governmental Accounting Standards Board (GASB), the authoritative body for establishing Generally Accepted Accounting Principles (GAAP) for state and local governments, including public institutions of higher education. These standards permit public colleges and universities to use the guidance for special-purpose governments engaged in business-type activities in their separately issued financial statements. As such, the reader will observe that the presentation is a consolidated, single-column, entity-wide format, similar to the type of financial statements one might encounter from a typical business enterprise. The basic financial statements consist of the following:

The *Statement of Net Assets* reflects the financial position of the District at June 30, 2005. It shows the various assets owned, related liabilities and other obligations, and the various categories of net assets. Net assets is an accounting concept defined as total assets less total liabilities, and as such, represents institutional equity or ownership in the total assets of the District.

The *Statement of Revenues, Expenses, and Changes in Net Assets* reflects the results of operations and other changes for the year ended June 30, 2005. It shows the various revenues and expenses, both operating and nonoperating, reconciling the beginning net assets amount to the ending net assets amount, which is shown on the *Statement of Net Assets* described above.

The *Statement of Cash Flows* reflects the inflows and outflows of cash and cash equivalents for the year ended June 30, 2005. It shows the various cash activities by type, reconciling the beginning cash and cash equivalents amount to the ending cash and cash equivalents amount, which is shown on the *Statement of Net Assets* described above. In addition, this statement reconciles cash flows from operating activities to operating loss on the *Statement of Revenues, Expenses, and Changes in Net Assets* described above.

### Financial Highlights and Analysis:

Consistent with its mission to provide open access to quality higher education, instruction is the primary function of the Graham County Community College District. Major funding sources supporting all functions include property taxes, state appropriations, government grants and contracts, and tuition and fees. The District exercises primary tax levy authority for generation of funds used for operations and capital equipment. The District continues to act in a financially conservative manner during the budgetary process, looking to maintain a secure financial future for the institution while bracing for reduced state support. Steady but modest growth is anticipated for the District's future financial position.

### Condensed Financial Information:

The condensed financial information below highlights the main categories of the *Statement of Net Assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Significant variances in assets and liabilities are discussed below. The result of these variances was a 3% increase in total net assets between fiscal years.

#### *Statement of Net Assets As of June 30, 2005 and June 30, 2004*

	<u>2005</u>	<u>2004</u>	<u>% Change</u>
<b>Assets:</b>			
Current assets	\$18,519,420	\$17,960,117	3%
Noncurrent assets			
Capital assets, net	<u>34,561,839</u>	<u>33,258,073</u>	4%
<b>Total assets</b>	<b><u>53,081,259</u></b>	<b><u>51,218,190</u></b>	4%
<b>Liabilities:</b>			
Other liabilities	1,089,101	601,383	81%
Long-term liabilities	<u>822,557</u>	<u>805,108</u>	2%
<b>Total Liabilities</b>	<b><u>1,911,658</u></b>	<b><u>1,406,491</u></b>	36%
<b>Net Assets:</b>			
Invested in capital assets	34,561,839	33,258,073	4%
Restricted net assets	120,277	258,838	-54%
Unrestricted net assets	<u>16,487,485</u>	<u>16,294,788</u>	1%
<b>Total net assets</b>	<b><u>\$51,169,601</u></b>	<b><u>\$49,811,699</u></b>	3%



Significant Variances in Assets:

In total, the District's capital assets increased by \$1,303,766, or 4% from the prior year. This change is due primarily to three factors. The District purchased land for future expansion; the High Tech Building project was in progress; and the resolution of the Gila County Program resulted in disposal of assets.

Significant Variances in Liabilities:

Liabilities show an increase of 36% due primarily to the on going High Tech Building project which is scheduled to be completed in FY 2005/2006.

Significant Variances in Net Assets:

The 54% decrease in restricted net assets is due to increased expenditure of workforce development funds during the current fiscal year.

The condensed financial information below highlights the main categories of the *Statement of Revenues, Expenses, and Changes in Net Assets*. The District shows an operating loss at June 30, 2005, reflective of the fact that two of the three main revenue sources, property taxes and state appropriations, are considered nonoperating revenues. For a description of the difference between operating and nonoperating revenues, please refer to the Summary of Significant Accounting Policies (Note 1). Significant variances in revenues and expenses are discussed after the following table.

*Statement of Revenues, Expenses, and Changes in Net Assets  
For the Years Ended June 30, 2005 and 2004*

<b>Operating revenues:</b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>% Change</u></b>
Tuition and fees	\$1,361,083	\$1,751,631	-22%
Government grants and contracts	4,552,700	4,465,653	2%
Other	<u>930,704</u>	<u>892,059</u>	4%
<b>Total operating revenues</b>	<b><u>6,844,487</u></b>	<b><u>7,109,343</u></b>	-4%
<b>Operating expenses:</b>			
Instruction	7,940,387	7,322,537	8%
Academic support	387,939	363,193	7%
Student services	2,698,460	2,460,320	10%
Institutional support	4,431,309	3,913,061	13%
Operation and maintenance of plant	2,378,778	2,188,329	9%
Scholarships	2,178,874	2,189,133	0%
Auxiliary enterprises	2,178,321	1,945,513	12%
Depreciation	<u>1,529,982</u>	<u>1,547,055</u>	-1%
<b>Total operating expenses</b>	<b><u>23,724,050</u></b>	<b><u>21,929,141</u></b>	8%
<b>Operating loss</b>	<b><u>(16,879,563)</u></b>	<b><u>(14,819,798)</u></b>	14%
<b>Nonoperating revenues:</b>			
Property taxes	2,153,831	1,979,305	9%
State appropriations	14,840,400	12,525,700	18%
Other	<u>733,734</u>	<u>640,466</u>	15%
<b>Total nonoperating revenues, net</b>	<b><u>17,727,965</u></b>	<b><u>15,145,471</u></b>	17%
Income before other revenues, expenses, gains, or losses	<u>848,402</u>	<u>325,673</u>	161%
Capital appropriations	509,500	616,700	-17%
Increase in net assets	1,357,902	942,373	44%
Total net assets, July 1, 2004	<u>49,811,699</u>	<u>48,869,326</u>	2%
Total net assets, June 30, 2005	<b><u>\$51,169,601</u></b>	<b><u>\$49,811,699</u></b>	3%

Significant Variances in Revenues:

Operating revenues decreased primarily because the District had a small decrease in enrollment and an increase in scholarship allowance.

The nonoperating revenue increase was mainly due to increased state appropriations.

Significant Variances in Expenses:

Operating expenses increased by 8%. This increase was primarily due to a 5% increase to salaries and benefits. Also, within auxiliary enterprises, scholarship, food service and dorm expenses increased.

Current Factors Having Probable Future Financial Significance:

In-state tuition will increase by \$70 to \$574 per semester in 2006. Residence hall and dining plan costs will also reflect a modest increase for 2006. As stated in the District's Mission Statement, providing access to quality higher education requires that tuition and related costs remain affordable, and modest increases result in partially offsetting the cumulative operating loss while keeping higher education affordable to residents of this small rural community.

The Gila County Board of Supervisors and the District's Governing Board have resolved the lawsuits filed against each other, including the personal property issues and entered into a new service contract beginning with the 2005/2006 fiscal year.

The High Tech Center is scheduled to be completed in 2006 and will provide the District with computer classrooms, labs, office space and an expanded Computer Services Department.

The District's Governing Board approved a cosmetology curriculum and entered into a contract with the Eastern Arizona Academy of Cosmetology to provide instruction beginning fall, 2005.

**Graham County Community College District  
(Eastern Arizona College)  
Statement of Net Assets – Primary Government  
June 30, 2005**

<b>Assets</b>	<b>Business-Type Activities</b>
Current assets:	
Cash and cash equivalents	\$17,570,874
Receivables (net of allowances for uncollectibles)	
Property taxes	296,894
Government grants and contracts	299,380
Student loans	27,977
Interest	40,172
Other	197,620
Inventories	<u>86,503</u>
Total current assets	<u>18,519,420</u>
Noncurrent assets:	
Capital assets, not being depreciated	4,534,190
Capital assets, being depreciated, net	<u>30,027,649</u>
Total noncurrent assets	<u>34,561,839</u>
Total assets	<u>53,081,259</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	504,790
Accrued payroll and employee benefits	391,501
Deposits held in custody for others	109,642
Current portion of compensated absences payable	335,986
Deferred revenues	<u>83,168</u>
Total current liabilities	<u>1,425,087</u>
Noncurrent liabilities:	
Compensated absences payable	<u>486,571</u>
Total noncurrent liabilities	<u>486,571</u>
Total liabilities	<u>1,911,658</u>
<b>Net Assets</b>	
Invested in capital assets-net of related debt	34,561,839
Restricted:	
Expendable for workforce development	120,277
Unrestricted	<u>16,487,485</u>
Total net assets	<u>\$51,169,601</u>

See accompanying notes to financial statements

**Graham County Community College District  
(Eastern Arizona College)  
Statement of Financial Position – Component Unit  
June 30, 2005**

	<u><b>Eastern Arizona College Foundation</b></u>
<b>Assets</b>	
Cash and cash equivalents	\$ 38,926
Investments	1,881,890
Property and equipment, net	20,598
Museum collection	221,075
Total assets	<u>2,162,489</u>
<b>Liabilities</b>	
Accounts payable	578
Accrued expenses	16,034
Charitable remainder unitrust liability	203,240
Total liabilities	<u>219,852</u>
<b>Net Assets</b>	
Unrestricted	1,139,103
Temporarily restricted	595,944
Permanently restricted	207,590
Total net assets	<u>1,942,637</u>
<b>Total Net Assets and Liabilities</b>	<u><b>\$ 2,162,489</b></u>

See accompanying notes to financial statements

**Graham County Community College District**  
**(Eastern Arizona College)**  
**Statement of Revenues, Expenses, and Changes in Net Assets — Primary Government**  
**Year Ended June 30, 2005**

	<u><b>Business-Type Activities</b></u>
<b>Operating revenues:</b>	
Tuition and fees (net of scholarship allowances of \$1,297,109 and New Mexico Out of State waivers of \$268,251)	\$ 1,361,083
Government grants and contracts	4,552,700
Private grants and contracts	20,156
Food service income (net of scholarship allowances of \$397,760)	324,251
Dormitory rentals and fees (net of scholarship allowances of \$259,972)	297,698
Other	288,599
Total operating revenues	<u>6,844,487</u>
<b>Operating expenses:</b>	
Educational and general:	
Instruction	7,940,387
Academic support	387,939
Student services	2,698,460
Institutional support	4,431,309
Operation and maintenance of plant	2,378,778
Scholarships	2,178,874
Auxiliary enterprises	2,178,321
Depreciation	1,529,982
Total operating expenses	<u>23,724,050</u>
Operating loss	<u>(16,879,563)</u>
<b>Nonoperating revenues (expenses):</b>	
Property taxes	2,153,831
State appropriations	14,840,400
Share of state sales taxes	437,758
Investment earnings	317,071
Loss on disposal of capital assets	(21,095)
Total nonoperating revenues	<u>17,727,965</u>
Income before other revenues, expenses, gains, or losses	<u>848,402</u>
Capital appropriations	509,500
Increase in net assets	1,357,902
Total net assets, July 1, 2004	<u>49,811,699</u>
<b>Total net assets, June 30, 2005</b>	<u><u>\$ 51,169,601</u></u>

See accompanying notes to financial statements.

**Graham County Community College District  
(Eastern Arizona College)  
Statement of Activities – Component Unit  
Year Ended June 30, 2005**

	Eastern Arizona College Foundation			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Revenue and Other Support</b>				
Foundation revenue	\$ 195,294			\$ 195,294
Contributions	25,551	\$ 137,613	\$ 1,125	164,289
Investment income	53,657	22,279	11,994	87,930
Change in value of split-interest agreement		5,084		5,084
Net assets released from restrictions:				
Satisfaction of restrictions	66,544	(61,423)	(5,121)	
<b>Total Revenue and Other     Support</b>	<u>341,046</u>	<u>103,553</u>	<u>7,998</u>	<u>452,597</u>
<b>Expenses</b>				
General and maintenance	206,242			206,242
Scholarship awards	80,716			80,716
Fundraising	7,855			7,855
<b>Total Expenses</b>	<u>294,813</u>			<u>294,813</u>
Change in net assets	46,233	103,553	7,998	157,784
Net assets at July 1, 2004	<u>1,092,870</u>	<u>492,391</u>	<u>199,592</u>	<u>1,784,853</u>
<b>Net Assets at June 30, 2005</b>	<u><u>\$1,139,103</u></u>	<u><u>\$595,944</u></u>	<u><u>\$207,590</u></u>	<u><u>\$1,942,637</u></u>

See accompanying notes to financial statements

**Graham County Community College District  
(Eastern Arizona College)  
Statement of Cash Flows—Primary Government  
Year Ended June 30, 2005**

	<u>Business-Type Activities</u>
<b>Cash flows from operating activities:</b>	
Tuition and fees	\$ 1,361,083
Government grants and contracts	4,584,195
Private grants and contracts	20,156
Food service receipts	324,251
Dormitory rentals and fees	297,698
Other receipts	93,484
Payment of loans to students	(20,459)
Payments to suppliers and providers of goods and services	(5,721,134)
Payments to employees	(13,813,493)
Payments to students for scholarships	<u>(2,178,874)</u>
Net cash used for operating activities	<u>(15,053,093)</u>
 <b>Cash flows from noncapital financing activities:</b>	
Property taxes	2,154,623
State appropriations	14,840,400
Share of state sales taxes	437,758
Deposits held in custody for others received	166,254
Deposits held in custody for others disbursed	<u>(182,264)</u>
Net cash provided by noncapital financing activities	<u>17,416,771</u>
 <b>Cash flows from capital and related financing activities:</b>	
Capital appropriations	509,500
Payments made to contractors	(1,306,479)
Purchases of capital assets	(1,565,803)
Proceeds from sale of capital assets	<u>17,439</u>
Net cash used by capital and related financing activities	<u>(2,345,343)</u>
 <b>Cash flows from investing activities:</b>	
Interest received on investments	315,098
Net cash provided by investing activities	<u>315,098</u>
 Net increase in cash and cash equivalents	333,433
 <b>Cash and cash equivalents, July 1, 2004</b>	<u>17,237,441</u>
<b>Cash and cash equivalents, June 30, 2005</b>	<u>\$ 17,570,874</u>

(Continued)

See accompanying notes to financial statements



**Graham County Community College District  
(Eastern Arizona College)  
Statement of Cash Flows—Primary Government  
Year Ended June 30, 2005  
(Continued)**

<b>Reconciliation of operating loss to net cash used for operating activities:</b>	<b>Business-Type Activities</b>
Operating loss	\$(16,879,563)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	1,529,982
Changes in assets and liabilities:	
Increase in:	
Grants and contracts receivable	(7,039)
Student loans receivable	(20,459)
Other receivables	(195,115)
Inventories	(1,975)
Accounts payable	258,403
Accrued payroll and employee benefits and compensated absences payable	224,139
Deferred revenues	38,534
Net cash used for operating activities	<u><u>\$(15,053,093)</u></u>

Noncash investing capital, and noncapital financing activities:

During fiscal year 2005, the District disposed of capital assets with an original cost of \$1,093,169, accumulated depreciation of \$1,054,635 and cash proceeds of \$17,439 for a net loss on disposal of \$21,095.

See accompanying notes to financial statements

**GRAHAM COUNTY COMMUNITY COLLEGE DISTRICT  
(EASTERN ARIZONA COLLEGE)  
Notes to Financial Statements  
June 30, 2005**

**Note 1 – Summary of Significant Accounting Policies**

The accounting policies of the Graham County Community College District conform to generally accepted accounting principles as applicable to public institutions engaged only in business-type activities adopted by the Governmental Accounting Standards Board (GASB).

During the year ended June 30, 2005, the District implemented the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. GASB Statement No. 40 establishes and modifies the risk disclosures about the District's deposits and investments. The implementation of GASB Statement No. 40 requires only additional disclosures, and had no effect on reported amounts for deposits, investments, net assets, or changes in net assets.

**A. Reporting Entity**

The District is a special-purpose government that is governed by a separately elected governing body. It is legally separate and fiscally independent of other state and local governments. The accompanying financial statements present the activities of the District (the primary government) and its discretely presented component unit, the Eastern Arizona College Foundation (the Foundation).

The Foundation is a legally separate, tax-exempt organization. It acts primarily as a fund-raising organization that receives gifts and bequests, administers those resources, and disburses payments to or on behalf of the District for scholarships and programs. Although the District does not control the timing or amount of receipts from the Foundation, the Foundation's restricted resources can only be used by, or for the benefit of, the District or its constituents. Consequently, the Foundation is considered a component unit of the District and is discretely presented in the District's financial statements. For financial reporting purposes only the Foundation's statements of financial position and activities are included in the District's financial statements as required by generally accepted accounting principles for public colleges and universities.

For financial reporting purposes, the Foundation follows the Financial Accounting Standards Board (FASB) statements for not-for-profit organizations. As such certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information included in the District's financial report. Accordingly, those financial statements have been reported on separate pages following the respective counterpart financial statements of the District. The Foundation has a June 30 year end.

**GRAHAM COUNTY COMMUNITY COLLEGE DISTRICT  
(EASTERN ARIZONA COLLEGE)  
Notes to Financial Statements  
June 30, 2005**

During the year ended June 30, 2005, the Foundation distributed \$89,732 to the District for both restricted and unrestricted purposes. In addition the District paid the Foundation \$190,000 under a contract for services. Complete financial statements for the Foundation can be obtained from the Eastern Arizona College Foundation, 3697 W. Church Street, Thatcher, Arizona, 85552.

**B. Basis of Presentation and Accounting**

The financial statements include a statement of net assets; a statement of revenues, expenses, and changes in net assets; and a statement of cash flows.

A statement of net assets provides information about the assets, liabilities, and net assets of the District at the end of the year. Assets and liabilities are classified as either current or noncurrent. Net assets are classified according to external donor restrictions or availability of assets to satisfy District obligations. Invested in capital assets represents the value of capital assets net of accumulated depreciation. Expendable restricted net assets represent grants, contracts, gifts, and other resources that have been externally restricted for specific purposes. Unrestricted net assets include all other net assets, including those that have been designated by management to be used for other than general operating purposes.

A statement of revenues, expenses, and changes in net assets provides information about the District's financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net assets are reported, including capital contributions. Operating revenues and expenses generally result from providing instructional, public, and auxiliary services, which is consistent with the District's mission. Accordingly, revenues such as tuition, educational grants, food service, and dormitory charges are considered to be operating revenues. Other revenues, such as property taxes and state appropriations, are not generated from operations and are considered to be nonoperating revenues. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

A statement of cash flows provides information about the District's sources and uses of cash and cash equivalents during the year. Increases and decreases in cash and cash equivalents are classified as either operating, noncapital financing, capital financing, or investing.

The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized in the year for which they are levied. State appropriations are recognized as revenue in the year in which the

**GRAHAM COUNTY COMMUNITY COLLEGE DISTRICT  
(EASTERN ARIZONA COLLEGE)  
Notes to Financial Statements  
June 30, 2005**

appropriation is first made available for use. Grants and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The District eliminates all internal activity. It is the District's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The District follows those FASB Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The District has chosen the option not to follow FASB Statements and Interpretations issued after November 30, 1989.

**C. Cash and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and investments in the State Treasurer's Local Government Investment Pool.

**D. Inventories**

All inventories are stated at the lower of cost (first-in, first-out method) or market.

**E. Capital Assets**

Capital assets of the District consist of land, buildings and improvements, infrastructure, construction in progress, equipment, and library materials. Capital assets are reported at actual cost. Donated assets are reported at estimated fair value at the time received. Major outlays for assets or improvements to assets are capitalized as projects are constructed. These are categorized as construction in progress until completed, at which time they are reclassified to the appropriate asset type.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the financial statements are as follows:

<b>Asset Category</b>	<b>Capitalization Threshold</b>	<b>Depreciation Method</b>	<b>Estimated Useful Life</b>
Land	\$1	Not applicable	Not applicable
Buildings & Improvements, Brick & Mortar	\$5,000	Straight-line	40 years
Buildings & Improvements, Temporary/Modular	\$5,000	Straight-line	20 years
Infrastructure	\$5,000	Straight-line	15 years
Equipment	\$5,000	Straight-line	5 years
Library Materials	\$1	Straight-line	10 years

**GRAHAM COUNTY COMMUNITY COLLEGE DISTRICT  
(EASTERN ARIZONA COLLEGE)  
Notes to Financial Statements  
June 30, 2005**

**F. Investment Earnings**

Investment earnings are composed of interest, dividends, and net changes in the fair value of applicable investments.

**G. Compensated Absences**

Compensated absences consist of vacation leave and a calculated amount of sick leave earned by employees based on services already rendered.

Employees may earn and accumulate vacation days according to their employment position and years of service. Vacation days earned per month range from .83 to 1.83 with a maximum accumulation ranging between 20 and 44 days. Vacation days in excess of the maximums are forfeited at the end of each month. Upon termination of employment, all unused and unforfeited vacation benefits are paid to employees. Accordingly, vacation benefits are accrued as a liability in the financial statements.

Generally, sick leave benefits provide for ordinary sick pay and are cumulative but do not vest with employees. Therefore, a liability for sick leave benefits is not accrued in the financial statements. However, for employees who have met the sick leave vesting requirements under the District option plan, sick leave benefits do vest. The option provides payment up to the maximum of 100 days of accrued sick days multiplied by the employee's daily rate for employees who have at least 10 years of service and qualify for normal retirement, disability, or death benefit. Those amounts are accrued as a liability in the financial statements.

**H. Scholarship Allowances**

A scholarship allowance is the difference between the stated charge for goods and services provided by the District and the amount that is paid by the student or third parties making payments on behalf of the student. Accordingly, some types of student financial aid such as Pell grants and scholarships awarded by the District are considered to be scholarship allowances. These allowances are netted against tuition and fees, food service income, and dormitory rentals and fees in the statement of revenues, expenses, and changes in net assets.

**Note 2 – Deposits and Investments**

Arizona Revised Statutes (A.R.S.) requires the District to deposit special tax levies for the District's maintenance or capital outlay with the County Treasurer. The statutes do not require the District to deposit other public monies in its custody with the County Treasurer; however, the District must act as a prudent person dealing with the property of another when making investment decisions about those monies. The statutes do not

**GRAHAM COUNTY COMMUNITY COLLEGE DISTRICT  
(EASTERN ARIZONA COLLEGE)  
Notes to Financial Statements  
June 30, 2005**

include any requirements for credit risk, custodial credit risk, concentration of credit risk, interest credit risk, or foreign currency risk for the District's investments.

**Deposits**—At June 30, 2005, the carrying amount of the District's deposits was \$261,397, and the bank balance was \$664,883.

**Investments**—At June 30, 2005, the fair value of the District's share of the State Treasurer's Local Government Investment Pool 7 was \$17,309,477.

The State Board of Investment provides oversight for the State Treasurer's pool, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares and the participant's shares are not identified with specific investments. No comparable oversight is provided for the County Treasurer's investment pool, and that pool's structure does not provide for shares.

**Credit risk**—Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The District does not have a formal investment policy regarding credit risk. The State Treasurer's Local Government Investment Pool 7 is unrated.

**Interest rate risk**—Interest rate risk is the risk changes in interest rates will adversely affect an investment's fair value. The District does not have a formal policy regarding interest rate risk. At June 30, 2005, the District's investment in the State Treasurer's Local Government Investment Pool 7 had a weighted average maturity of 150 days.

**GRAHAM COUNTY COMMUNITY COLLEGE DISTRICT  
(EASTERN ARIZONA COLLEGE)  
Notes to Financial Statements  
June 30, 2005**

**Note 3 – Capital Assets**

Capital asset activity for the year ended June 30, 2005, was as follows:

	<u>Balance July 1, 2004</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2005</u>
Capital assets not being depreciated:				
Land	\$ 2,118,944	\$ 958,010		\$ 3,076,954
Construction in progress (estimated cost complete \$135,764)	150,757	1,306,479		1,457,236
Total capital assets not being depreciated	<u>2,269,701</u>	<u>2,264,489</u>		<u>4,534,190</u>
Capital assets being depreciated:				
Buildings and improvements	40,073,514	204,159	\$ 59,537	40,218,136
Equipment	4,816,019	277,812	819,439	4,274,392
Infrastructure	2,352,993	83,020	54,008	2,382,005
Library materials	855,697	42,802	160,185	738,314
Total capital assets being depreciated	<u>48,098,223</u>	<u>607,793</u>	<u>1,093,169</u>	<u>47,612,847</u>
Less accumulated depreciation for:				
Buildings and improvements	10,763,960	1,169,132	59,537	11,873,555
Equipment	4,278,397	239,574	781,879	3,736,092
Infrastructure	1,354,562	91,729	53,034	1,393,257
Library materials	712,932	29,547	160,185	582,294
Total accumulated depreciation	<u>17,109,851</u>	<u>1,529,982</u>	<u>1,054,635</u>	<u>17,585,198</u>
Total capital assets being depreciated, net	<u>30,988,372</u>	<u>(922,189)</u>	<u>38,534</u>	<u>30,027,649</u>
Capital assets, net	<u>\$33,258,073</u>	<u>\$ 1,342,300</u>	<u>\$ 38,534</u>	<u>\$34,561,839</u>

**Note 4 – Long-Term Liabilities**

The following schedule details the District's long-term liability and obligation activity for the year ended June 30, 2005.

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2005</u>	<u>Due within one year</u>
Compensated absences payable	\$805,108	\$395,210	\$377,761	\$822,557	\$335,986

**GRAHAM COUNTY COMMUNITY COLLEGE DISTRICT  
(EASTERN ARIZONA COLLEGE)  
Notes to Financial Statements  
June 30, 2005**

**Note 5 – Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Arizona School Risk Retention Trust, Inc., a public-entity risk pool. The Trust insures the District against liabilities arising from general liability, professional liability, property, automobile, boiler and machinery, and commercial crime risks. The Trust's operating agreement includes a provision for the member to be charged an additional assessment in the event that total claims paid by the Trust exceed the members' contributions and reserves in any 1 year. The District will be charged for any such assessment in the following year. The District has never been charged such an assessment. The District also carries commercial insurance for other risks of loss, including: workers' compensation, intercollegiate athletic injury liability and student professional liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past 3 fiscal years.

**Note 6 – Retirement Plan**

**Plan Description**—The District contributes to a cost-sharing multiple-employer defined benefit pension plan administered by the Arizona State Retirement System. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The System is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The System issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the Arizona State Retirement System, 3300 North Central Avenue, P.O. Box 33910, Phoenix, AZ 85067-3910 or by calling (602) 240-2000 or (800) 621-3778.

**Funding Policy**—The Arizona State Legislature establishes and may amend active plan members' and the District's contribution rates. For the year ended June 30, 2005, active plan members and the District were each required by statute to contribute at the actuarially determined rate of 5.7 percent (5.2 percent retirement and 0.5 percent long-term disability) of the members' annual covered payroll. The District's contributions to the System for the years ended June 30, 2005, 2004, and 2003 were \$550,058, \$497,715, and \$217,611, respectively, which were equal to the required contributions for the year.



**GRAHAM COUNTY COMMUNITY COLLEGE DISTRICT  
(EASTERN ARIZONA COLLEGE)  
Notes to Financial Statements  
June 30, 2005**

**Note 7 – Operating Expenses**

The District's operating expenses are presented by functional classification in the Statement of Revenues, Expenses, and Changes in Net Assets—Primary Government. The operating expenses can also be classified into the following:

Salaries and benefits	\$14,037,632
Contract services	1,355,081
Supplies and other services	1,734,186
Communications and utilities	1,087,269
Scholarships	2,178,874
Depreciation	1,529,982
Other	<u>1,801,026</u>
Total	<u>\$23,724,050</u>

**Note 8 – Discretely Presented Component Unit Disclosures**

The District's discretely presented component unit is comprised of the Eastern Arizona College Foundation.

**A. Nature of Activities and Significant Accounting Policies**

The primary objective of the Eastern Arizona College Foundation is to create a positive environment in which to cultivate gifts to Eastern Arizona College, located in Thatcher, Arizona. The Foundation makes use of unrestricted, temporarily restricted and permanently restricted funds, which are all related to the primary objective.

The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ

**GRAHAM COUNTY COMMUNITY COLLEGE DISTRICT  
(EASTERN ARIZONA COLLEGE)  
Notes to Financial Statements  
June 30, 2005**

from those estimates.

Investments, which consist of marketable securities in the form of mutual funds, have readily determinable fair values and are reported at their fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal restrictions. Contributions are recorded as income in the period received. Unconditional promises to give are booked when the "promise" is received or made, not when the gift is transferred. Conditional promises to give or receive are recorded when the specified future and uncertain event occurs or when the conditions outlined by the donor are substantially met.

Support and investment income that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other donor-restricted support and investment income are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily or permanently restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair value at the date of donation.

The Foundation is exempt from income taxes as a non-profit corporation under Internal Revenue Code 501(c)(3) and, accordingly, the financial statements do not reflect a provision for income taxes. The Foundation has been classified as a charitable organization that is not a private foundation under Section 509(a)(2).

**B. Investments**

Investments at June 30, 2005, were comprised of the following:

Equity mutual funds	\$1,244,789
Bond mutual funds	568,041
Managed allocation mutual funds	69,060
	\$1,881,890

**GRAHAM COUNTY COMMUNITY COLLEGE DISTRICT  
(EASTERN ARIZONA COLLEGE)  
Notes to Financial Statements  
June 30, 2005**

**C. Museum Collection**

Collections, which consist entirely of the museum collection of Native American artifacts, are stated at appraised market value at date of acquisition.

**D. Charitable Remainder Unitrust Split-Interest Agreement**

On January 1, 1989, the Foundation was named the remainder beneficiary and trustee of a charitable remainder unitrust. The Unitrust beneficiaries will be paid a percentage annually of the fair value of the trust assets in quarterly payments for the rest of their natural lives. At the end of the Trust's term, the remaining assets are available for the Foundation's use. Assets held in the charitable remainder unitrust are reported at fair value and at June 30, 2005, totaled \$291,768, (consisting entirely of cash and marketable securities of \$2,395 and \$289,373, respectively). On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments (\$203,240 at June 30, 2005) is calculated using the trust rate of 9% and applicable mortality tables.

**E. Restrictions on Net Assets**

Restricted net assets are available for the following purposes:

	Temporarily Restricted	Permanently Restricted
Scholarships	\$ 511,362	\$ 207,590
Charitable Remainder Unitrust	84,582	-
	<u>\$ 595,944</u>	<u>\$ 207,590</u>

**F. Concentrations**

The Foundation maintains cash and cash equivalents at banks and other financial institutions located in Arizona and Massachusetts, which throughout the year periodically exceed federally insured deposit limits of \$100,000.

All of the Foundation's investments in marketable securities are under the management of one mutual fund manager, TIAA-CREF Mutual Funds of Boston, Massachusetts.

**Supplementary Information**

**GRAHAM COUNTY COMMUNITY COLLEGE DISTRICT  
(EASTERN ARIZONA COLLEGE)  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2005**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
<b>U.S. Small Business Administration</b>			
Passed through the Maricopa County Community College District			
Small Business Development Center	59.037	None	<u>\$ 34,972</u>
<b>U.S. Department of Education</b>			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants	84.007		103,578
Federal Work-Study Program	84.033		231,260
Federal Pell Grant Program	84.063		<u>2,738,655</u>
Total Student Financial Assistance Cluster			<u>3,073,493</u>
TRIO—Student Support Services	84.042		230,946
Passed through the Arizona Department of Education			
Adult Education—State Grant Program	84.002	05-FAE-ABE- 570551-01A	19,792
Vocational Education—Basic Grants to States	84.048	05-FCTDBG- 570551-03A	193,009
Passed through the Arizona Commission for Post- secondary Education			
Leveraging Educational Assistance Partnership	84.069	None	8,724
Passed through the Graham County School Superintendent			
Education Technology State Grants	84.318	05FADETD- 570673-01A	<u>28,024</u>
Total U.S. Department of Education			<u>3,553,988</u>
Total Expenditures of Federal Awards			<u>\$3,588,960</u>

See accompanying notes to schedule.

**GRAHAM COUNTY COMMUNITY COLLEGE DISTRICT  
(EASTERN ARIZONA COLLEGE)  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2005**

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Graham 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 2005 *Catalog of Federal Domestic Assistance*.

**Note 3 - Subrecipients**

The District did not pass-through any federal awards to subrecipients.

**Graham County  
Community College District**  
(Eastern Arizona College)  
Single Audit Section  
June 30, 2005



DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
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  
Graham County Community College District

We have audited the financial statements of the business-type activities and discretely presented component unit of Graham County Community College District as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 28, 2006. Our report was modified as to consistency because of the implementation of Governmental Accounting Standards Board Statement No. 40 and was 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.

Debbie Davenport  
Auditor General

February 28, 2006



DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
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  
Graham County Community College District

### Compliance

We have audited the compliance of Graham 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, 2005. 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, Graham 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, 2005.

## 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.

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.

Debbie Davenport  
Auditor General

February 28, 2006

Graham County Community College District  
(Eastern Arizona College)  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2005

**Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:		Unqualified
		<b>Yes      No</b>
Material weaknesses identified in internal control over financial reporting?	___	<u>X</u>
Reportable conditions identified not considered to be material weaknesses?	___	<u>X</u> (None reported)
Noncompliance material to the financial statements noted?	___	<u>X</u>

**Federal Awards**

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

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
84.007	Student Financial Assistance Cluster:
84.033	Federal Supplemental Educational Opportunity Grants
84.063	Federal Work-Study Program
	Federal Pell Grant Program

Dollar threshold used to distinguish between Type A and Type B programs:		\$300,000
Auditee qualified as low-risk auditee?	___	<u>X</u>

**Other Matters**

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