



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Single Audit

Maricopa County Community College District

Year Ended June 30, 2009



Debra K. Davenport
Auditor General

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Maricopa County Community College District
Single Audit Reporting Package
Year Ended June 30, 2009

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Reports Issued Separately

Comprehensive Annual Financial Report

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*



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
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, 2009. 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, 2009.

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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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, 2009, and have issued our report thereon dated December 1, 2009. Our report was modified to include a reference to our reliance on other auditors. Our audit was performed for the purpose of forming our 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, management, 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.

Jay Zsorey, CPA
Financial Audit Director

March 30, 2010, except for the
Schedule of Expenditures of Federal Awards,
for which the date is December 1, 2009

Maricopa County Community College District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

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					
Hispanic Serving Institutions Education Grants	10.223		\$ 173,198		\$ 173,198
National School Lunch Program, passed through the Arizona Department of Education	10.555	ED05-0001	29,905		29,905
Child and Adult Care Food Program, passed through the Arizona Department of Education	10.558	07-24-2007	5,828		5,828
Total U.S. Department of Agriculture			<u>208,931</u>		<u>208,931</u>
U.S. Department of Housing and Urban Development					
Community Development Block Grants/Entitlement Grants, passed through the City of Phoenix	14.218	123442	12,626		12,626
Community Development Block Grants/Entitlement Grants, passed through the City of Mesa	14.218	8866-07, 8006-08	70,112		70,112
Total Community Development Block Grants/Entitlement Grants			<u>82,738</u>		<u>82,738</u>
Empowerment Zones Program, passed through the City of Phoenix	14.244	114982, 114983, 115013	24,901		24,901
Total U.S. Department of Housing and Urban Development			<u>107,639</u>		<u>107,639</u>
U.S. Department of the Interior					
U.S. Geological Survey—Research and Data Collection	15.808		10,972		10,972
U.S. Department of Labor					
WIA Adult Program, passed through the City of Phoenix	17.258	121573	109,750		109,750
WIA Pilots, Demonstrations, and Research Projects, passed through the Arizona Department of Commerce	17.261	1045-06	57,703		57,703
WIA Pilots, Demonstrations, and Research Projects, passed through the University of Missouri	17.261	C00004054-2	22,128		22,128
Total WIA Pilots, Demonstrations, and Research Projects			<u>79,831</u>		<u>79,831</u>
Total U.S. Department of Labor			<u>189,581</u>		<u>189,581</u>
U.S. Department of Transportation					
Commercial Motor Vehicle Operator Training Grants	20.235		16,703		16,703
National Aeronautics and Space Administration					
Aerospace Education Services Program, passed through the University of Arizona	43.001	P300745	8,303		8,303
Institute of Museum and Library Services					
Grants to States, passed through the Arizona Department of Library, Archives and Public Records	45.310	208JT065	1,545		1,545
National Science Foundation					
Engineering Grants	47.041		72,654	\$ 13,686	86,340
Education and Human Resources	47.076		2,458,570	197,977	2,656,547
Education and Human Resources, passed through Pennsylvania State University	47.076	3785-MATEC-NSF-2498	41,579		41,579
Education and Human Resources, passed through Arizona State University	47.076	07-793, 05-544, KMS0019-18-26/27	230,173		230,173
Education and Human Resources, passed through Mohawk Valley Community College	47.076	DUE-0402263	5,522		5,522
Education and Human Resources, passed through the University of Massachusetts	47.076	S00003014700000	30,585		30,585
Total Education and Human Resources			<u>2,766,429</u>	<u>197,977</u>	<u>2,964,406</u>
Total National Science Foundation			<u>2,839,083</u>	<u>211,663</u>	<u>3,050,746</u>

(Continued)

See accompanying notes to schedule.

Maricopa County Community College District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009
(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. Small Business Administration					
Small Business Development Centers	59.037		\$ 853,791	\$ 832,636	\$ 1,686,427
U.S. Environmental Protection Agency					
Environmental Education Grants	66.951		280		280
U.S. Department of Energy					
National Nuclear Security Administration Minority Serving Institutions Program	81.123		347,302		347,302
U.S. Department of Education					
Student Financial Assistance Cluster					
Federal Supplemental Educational Opportunity Grants	84.007		1,569,674		1,569,674
Federal Family Education Loans	84.032		103,934,472		103,934,472
Federal Work-Study Program	84.033		1,963,066		1,963,066
Federal Perkins Loan Program—Federal Capital Contributions	84.038		966,055		966,055
Federal Pell Grant Program	84.063		61,241,862		61,241,862
Federal Direct Student Loans	84.268		14,586,980		14,586,980
Academic Competitiveness Grants	84.375		210,038		210,038
Total Student Financial Assistance Cluster			<u>184,472,147</u>		<u>184,472,147</u>
TRIO Cluster					
TRIO—Student Support Services	84.042		709,568		709,568
TRIO—Upward Bound	84.047		474,058		474,058
Total TRIO Cluster			<u>1,183,626</u>		<u>1,183,626</u>
Adult Education—State Grant Program, passed through the Arizona Department of Education					
	84.002	09FAEABE-970579-01A, 09FAEAEF-970579-05A, 09FAECIV-970579-03A	1,794,323		1,794,323
Title I Grants to Local Educational Agencies, passed through the Arizona Department of Education					
	84.010	09FAATTI-960034-01A	86,160		86,160
Overseas Programs—Group Projects Abroad, passed through Fulbright Hays					
	84.021	P021A080095	14,450		14,450
Special Education—Grants to States, passed through the Arizona Department of Education					
	84.027	09FESCBG-960034-04A	21,029		21,029
Higher Education—Institutional Aid					
	84.031		885,064		885,064
Career and Technical Education—Basic Grants to States, passed through the Arizona Department of Education					
	84.048	09FCTDBG-970570-01A, 08FCTDBG-870570-01A	1,172,178		1,172,178
Leveraging Educational Assistance Partnership, passed through the Arizona Commission for Postsecondary Education					
	84.069	None	217,800		217,800
Fund for the Improvement of Postsecondary Education					
	84.116		436,458		436,458
Fund for the Improvement of Postsecondary Education, passed through the American Association of Community Colleges					
	84.116	P116B060445	84		84
Total Fund for the Improvement of Postsecondary Education			<u>436,542</u>		<u>436,542</u>
Rehabilitation Services—Vocational Rehabilitation Grants to States, passed through the Arizona Department of Economic Security					
	84.126	DE081100-001	297,981		297,981
Safe and Drug-Free Schools and Communities—State Grants, passed through the Arizona Department of Education					
	84.186	09FSDIVB-960034-03A	1,100		1,100
Tech-Prep Education, passed through the Arizona Department of Education					
	84.243	08FCTDTP-870576-01A, 09FCTDTP-970576-01A	267,305	58,133	325,438
Tech-Prep Education, passed through the Peoria Unified School District					
	84.243	618184	640		640
Total Tech-Prep Education			<u>267,945</u>	<u>58,133</u>	<u>326,078</u>

(Continued)

See accompanying notes to schedule.

Maricopa County Community College District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009
(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)
Child Care Access Means Parents in School	84.335		\$ 17,640		\$ 17,640
Tech-Prep Demonstration Grants	84.353		50,745		50,745
Mathematics and Science Partnerships, passed through Scottsdale Unified School District	84.366	08FSDMPC-0860725-08A	36,882	\$ 67,736	104,618
Mathematics and Science Partnerships, passed through the Arizona Department of Education	84.366	08FSDMPI-870744-08A 09FSDPRC-96087-16A	141,134		141,134
Total Mathematics and Science Partnerships			<u>178,016</u>	<u>67,736</u>	<u>245,752</u>
Improving Teacher Quality State Grants, passed through the Arizona Department of Education	84.367	09FAATII-960034-02A	1,672		1,672
Improving Teacher Quality State Grants, passed through Arizona State University	84.367	09-018	84,141		84,141
Total Improving Teacher Quality State Grants			<u>85,813</u>		<u>85,813</u>
State Fiscal Stabilization Funds—Education State Grants, Recovery Act, passed through the Arizona Governor's Office of Economic Recovery	84.394	GOER-FY2010-1005	15,093,592		15,093,592
Total U.S. Department of Education			<u>206,276,151</u>	<u>125,869</u>	<u>206,402,020</u>
U.S. Department of Health and Human Services					
Substance Abuse and Mental Health Services—Project of Regional and National Significance, passed through the University of Oklahoma Health Sciences Center	93.243	U79SM57278-01 U79SM57278-03	55,405		55,405
Corporation for National and Community Service					
Learn and Serve America—Higher Education	94.005		193,657	74,247	267,904
AmeriCorps, passed through the Colorado Campus Compact	94.006	None	23,305		23,305
Planning and Program Development Grants	94.007		99,298	3,089	102,387
Planning and Program Development Grants, passed through Make a Difference	94.007	None	353		353
Total Planning and Program Development Grants			<u>99,651</u>	<u>3,089</u>	<u>102,740</u>
Total Corporation for National and Community Service			<u>316,613</u>	<u>77,336</u>	<u>393,949</u>
U.S. Department of Homeland Security					
Centers for Homeland Security, passed through the University of Oklahoma Health Sciences Center	97.061	2008-ST-061-ST0004	3,171		3,171
Total Expenditures of Federal Awards			<u>\$ 211,235,470</u>	<u>\$ 1,247,504</u>	<u>\$ 212,482,974</u>

See accompanying notes to schedule.

Maricopa County Community College District
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

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 2009 *Catalog of Federal Domestic Assistance*.

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, 2009, of \$927,499.

Maricopa County Community College District
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2009

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:		Unqualified	
	Yes	No	
Internal control over financial reporting:			
Material weakness identified?	<u>X</u>	___	
Significant deficiencies identified that are not considered to be material weaknesses?	<u>X</u>	___	
Noncompliance material to the financial statements noted?	___	<u>X</u>	

Federal Awards

Internal control over major programs:			
Material weakness identified?	___	<u>X</u>	
Significant deficiencies identified that are not considered to be material weaknesses?	___	<u>X</u> (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])?	___	<u>X</u>	

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
47.076	Education and Human Resources 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
84.375	Academic Competitiveness Grants
84.394	State Fiscal Stabilization Fund—Education State Grants, Recovery Act

Maricopa County Community College District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Dollar threshold used to distinguish between Type A and Type B programs:	\$2,791,021	
	Yes	No
Auditee qualified as low-risk auditee?	<u> </u>	<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>	<u> </u>
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Maricopa County Community College District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Financial Statement Findings

Financial statement findings were reported in the separately issued 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*.

Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs to report.

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March 23, 2010

Ms. Debbie Davenport
Auditor General
2910 N. 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport:

The accompanying Summary Schedule of Prior Audit Findings has been prepared as required by U.S. Office of Management and Budget Circular A-133. Specifically, we are reporting the status of audit findings included in the prior audit's Schedule of Findings and Questioned Costs related to federal awards.

Sincerely,

•
Kimberly Brainard Granio, CPA
Director, Financial Services and Controller

Maricopa County Community College District
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2009

Status of Federal Award Findings and Questioned Costs

Finding No. 08-101
Status: Fully corrected

Finding No. 08-102
Status: Fully corrected

Finding No. 07-103
Status: Fully corrected

Finding No. 07-104
Status: Fully corrected

Finding No. 06-103
Status: Fully corrected

Finding No. 06-104
Status: Fully corrected