



## REPORT HIGHLIGHTS

### FINANCIAL STATEMENT AND SINGLE AUDITS

#### Subject

Maricopa County Community College District issues financial statements and a schedule of expenditures of federal awards annually. The District is responsible for preparing its statements and schedule, maintaining strong internal controls, demonstrating accountability for its use of public monies, and complying with federal program requirements. As the auditors, our job is to determine whether the District has met its responsibilities.

#### Our Conclusion

The information in the District's financial statements is fairly stated in all material respects and the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to these financial statements. A summary of this information is presented on page 2. Also, auditors identified internal control weaknesses and noncompliance with federal program requirements as summarized on this page.



# 2010

Year Ended June 30, 2010

## Summary of Audit Findings

For the financial statement audit, auditors found internal control weaknesses over the District's computer system access and change controls. For the federal compliance audit, auditors tested two federal program clusters under the guidelines established by the Single Audit Act and noted a material internal control weakness and material noncompliance with certain program requirements for the Student Financial Assistance Cluster. The Report on Internal Control and Compliance and Single Audit Report included further details and auditor recommendations to help correct these deficiencies. The findings are summarized below.

### Financial Statement Findings—

#### Computer System Access

**Controls—**The District did not have adequate internal controls over its three main computer systems to help ensure that the level of system access granted was compatible with the employees' job responsibilities or to revoke users' system access after users terminated employment or transferred jobs within the District. Further, the District did not monitor the activities of users with unlimited system access privileges.

#### Computer System Change

**Controls—**The District's policies and procedures for computer changes did not include detailed guidance for all types of computer changes. In addition, the District did not have procedures in place to independently reconcile approved changes to the actual system changes implemented or monitor the activities of employees with incompatible responsibilities.

### Federal Award Findings—

#### Student Financial Assistance (SFA) Cluster, 2010 total expenditures \$297,914,753—

The District self-reported to the U.S. Department of Education (USDOE) that it did not update or receive approval for its dental hygiene program on its Rio Salado campus in its Program Participation Agreement with the USDOE. In addition, the District reported there may have been errors in awarding financial assistance to Rio Salado College students as a result of student enrollment patterns not being aligned with the District's academic calendar. The District is working with the USDOE to resolve this finding. The District may be subject to a liability or fine based on the violations.

# Summary of Financial Information

A condensed summary of the District's basic financial statements and Schedule of Expenditures of Federal Awards follows:

**Statement of Net Assets**—This statement reports all of the District's assets, liabilities, and net assets using the accrual basis of accounting. Net assets, the difference between assets and liabilities, are reported in three major categories:

- Invested in capital assets, net of related debt shows the equity in land, buildings, and equipment.
- Restricted net assets shows the net resources that must be used for restricted purposes as specified by external parties.
- Unrestricted net assets shows the net resources available for general operations.

**Statement of Revenues, Expenses, and Changes in Net Assets**—This statement shows how net assets changed during the year. Revenues and expenses are reported as either operating or nonoperating. The change in net assets indicates whether the District's financial health has improved or deteriorated as a result of the current-year operations. The District's net assets increased by \$79 million during fiscal year.

**Schedule of Expenditures of Federal Awards**—The District's expenses included \$317 million in federal awards expended. The District's expenditures of federal award monies increased by \$105 million, or 49 percent, compared to fiscal year 2009. The increase was primarily due to additional funding of \$65 million for the Federal Pell Grant Program and \$47 million for Federal Family Education Loans.

Condensed Statement of Net Assets As of June 30, 2010 (In Millions)	
<b>Assets:</b>	
Current	\$ 443
Noncurrent, other than capital	331
Capital	<u>662</u>
Total assets	<u>1,436</u>
<b>Liabilities:</b>	
Current	142
Noncurrent	<u>634</u>
Total liabilities	<u>776</u>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt	175
Restricted	162
Unrestricted	<u>323</u>
Total net assets	<u>\$ 660</u>

Condensed Statement of Revenues, Expenses, and Changes in Net Assets Year Ended June 30, 2010 (In Millions)	
<b>Operating revenues:</b>	
Tuition and fees	\$ 159
Other	<u>15</u>
Total operating revenues	<u>174</u>
<b>Operating expenses:</b>	
Educational and general	659
Auxiliary enterprises	51
Depreciation	36
Other	<u>1</u>
Total operating expenses	<u>747</u>
Operating loss	<u>(573)</u>
<b>Nonoperating revenues and expenses:</b>	
Property taxes	454
State appropriations	45
Grants and contracts	157
Other	22
Interest expense on debt	<u>(26)</u>
Net nonoperating revenues	<u>652</u>
Increase in net assets	79
Net assets—beginning of year	<u>581</u>
Net assets—end of year	<u>\$ 660</u>

Condensed Schedule of Expenditures of Federal Awards by Grantor Agency Year Ended June 30, 2010 (In Millions)	
U.S. Department of Education	\$311
Other	<u>6</u>
Total federal expenditures	<u>\$317</u>

TO OBTAIN  
MORE INFORMATION

Copies of the District's Comprehensive Annual Financial Report, Report on Internal Control and Compliance, and Single Audit Report are available at:  
[www.azauditor.gov](http://www.azauditor.gov)

Contact person:  
Victoria Fisher  
(602) 553-0333

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Year Ended June 30, 2010