

**REPORT
HIGHLIGHTS**
FINANCIAL AND SINGLE AUDITS

Subject

Maricopa County Community College District is responsible for preparing annual financial statements, maintaining strong internal controls over financial reporting, and demonstrating accountability for its use of public monies. 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 financial statements can be relied on. However, the auditors identified three internal control weaknesses over its computer systems as summarized on this page. For the federal programs tested, the District maintained adequate internal controls over, and complied with, federal program requirements.



2009

Year Ended June 30, 2009

Financial Statement Audit Summary

Lack of Effective Computer System Controls

Maricopa County Community College District processes and stores sensitive and confidential data on its general ledger, payroll, and student information systems. However, the District lacked sufficient controls to adequately protect

its computer systems and data. Specifically, auditors noted deficiencies in the District's procedures to monitor access to computer systems and to make changes to computer programs. In addition, deficiencies were noted in the District's disaster recovery plan.

Auditor recommendations to improve computer system controls—

The District should establish and implement the following policies and procedures to help strengthen computer system controls:

For logical access:

- Develop a standard form to request access rights for new employees and document approvals.
- Retain the authorization forms.
- Identify roles and responsibilities considered incompatible and prevent these roles from being assigned to any one employee.
- Eliminate accounts not assigned to specific users.
- Limit the number of administrators and employees with unlimited access, and require that their activities on the system be independently monitored and reviewed.

For program changes:

- Monitor and enforce the written policies and procedures in the change management plan.
- Ensure there is an adequate separation of responsibilities between those employees programming the changes, ensuring the data integrity, and implementing the changes.

For disaster recovery:

- Regularly update, test, and distribute the disaster recovery plan to necessary employees for each of its critical systems.
- Ensure that the student information system backup server is located at a different physical location than the main system server.

Condensed Financial Information

Statement of Net Assets—This statement reports all assets and liabilities using the accrual basis of accounting, which is similar to the accounting that most private-sector institutions use. Net assets, the difference between assets and liabilities, are one way to measure the District's financial health. The table to the right presents a condensed Statement of Net Assets as of June 30, 2009.

Statement of Revenues, Expenses, and Changes in Net Assets—This statement reports all revenues, expenses, and other changes to net assets. 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 current-year operations. The District's net assets increased by \$82 million during the fiscal year. A condensed Statement of Revenues, Expenses, and Changes in Net Assets is presented to the right.

Condensed Statement of Net Assets June 30, 2009 (In Millions)	
Assets:	
Current	\$ 379
Noncurrent, other than capital	439
Capital	622
Total assets	1,440
Liabilities:	
Current	158
Noncurrent	701
Total liabilities	859
Net Assets:	
Invested in capital assets, net of related debt	150
Restricted	193
Unrestricted	238
Total net assets	\$ 581

Condensed Statement of Revenues, Expenses, and Changes in Net Assets Year Ended June 30, 2009 (In Millions)	
Operating revenues:	
Tuition and fees	\$151
Other operating revenues	13
Total operating revenues	164
Operating expenses:	
Educational and general	589
Auxiliary enterprises	65
Depreciation	31
Other	1
Total operating expenses	686
Operating loss	(522)
Nonoperating revenues and expenses:	
Property taxes	443
State appropriations	51
Grants and contracts	104
Other	29
Interest expense on debt	(23)
Net nonoperating revenues	604
Increase in net assets	82
Net assets—beginning of year	499
Net assets—end of year	\$581

The District Spent \$212 Million of Federal Monies

The District spent \$212 million of federal monies and additional required district matching monies this past year for 46 federal grant programs. The U.S. Department of Education and National Science Foundation were the largest federal grantors with \$209.4 million of program expenditures.

Expenditures from the U.S. Department of Education included approximately \$184.5 million for the Student Financial Assistance Cluster and \$15 million for the State Fiscal Stabilization Funds— Education State Grants, Recovery Act. Student financial assistance is designed to help eligible students with the costs of attending institutions of postsecondary education. Stabilization program monies

were distributed to restore the shortfall in fiscal year 2009 state funding for higher education.

Expenditures from the National Science Foundation included approximately \$2.96 million for the Education and Human Resources program. This program is designed to support the development of a diverse and well-prepared workforce of scientists, technicians, engineers, mathematicians, and educators.

Under guidelines established by the Single Audit Act, auditors tested the Student Financial Assistance Cluster, State Fiscal Stabilization Funds- Education State Grants, Recovery Act, and Education and Human Resources programs.

Federal Expenditures by Awarding Agency Total \$212 Million Year Ended June 30, 2009 (In Thousands)	
U.S. Department of Education	\$206,402
National Science Foundation	3,051
U.S. Small Business Administration	1,686
Corporation for National and Community Service	394
U.S. Department of Energy	347
U.S. Department of Agriculture	209
U.S. Department of Labor	190
Other	204
Total federal expenditures	\$212,483

Federal fiscal stabilization funds—According to the State of Arizona's Office of the Governor, it received Federal American Recovery and Reinvestment Act Monies totaling \$183 million for fiscal year 2009 under the State Fiscal Stabilization Fund Program. Program monies were distributed to the State's universities and community colleges to restore the shortfall in fiscal year 2009 state funding for higher education. The State allocated the Maricopa County Community College District \$15 million of this program's monies, and the District used the monies for salaries and benefits to support those faculty members providing instruction to students.

TO OBTAIN
MORE INFORMATION

A copy of the full report
is available at:
www.azauditor.gov

Contact person:
Vicki Fisher
(602) 553-0333



**Maricopa County
Community College District**

**REPORT
HIGHLIGHTS**
FINANCIAL AND SINGLE AUDITS
Year Ended June 30, 2009