

**REPORT
 HIGHLIGHTS**
 SINGLE AUDIT

Subject

The District spent \$148.5 million of federal monies and additional required matching monies this past year for 54 programs. The largest federal programs consisted of student financial assistance programs. In return, the District must be accountable for its use of both federal and state monies, maintain strong internal controls, and comply with federal program requirements. As auditors, our job is to determine whether the District has met its responsibilities.

Our Conclusion

The District maintained adequate internal controls over financial reporting. The District also maintained adequate internal controls over, and complied with federal program requirements except for an internal control weakness and instance of noncompliance with program requirements noted by the auditors for the major federal program tested. See page 2 for further details.



2005

Year Ended June 30, 2005

**Student Financial Assistance
 Federal Expenditures
 Increased \$12 Million**

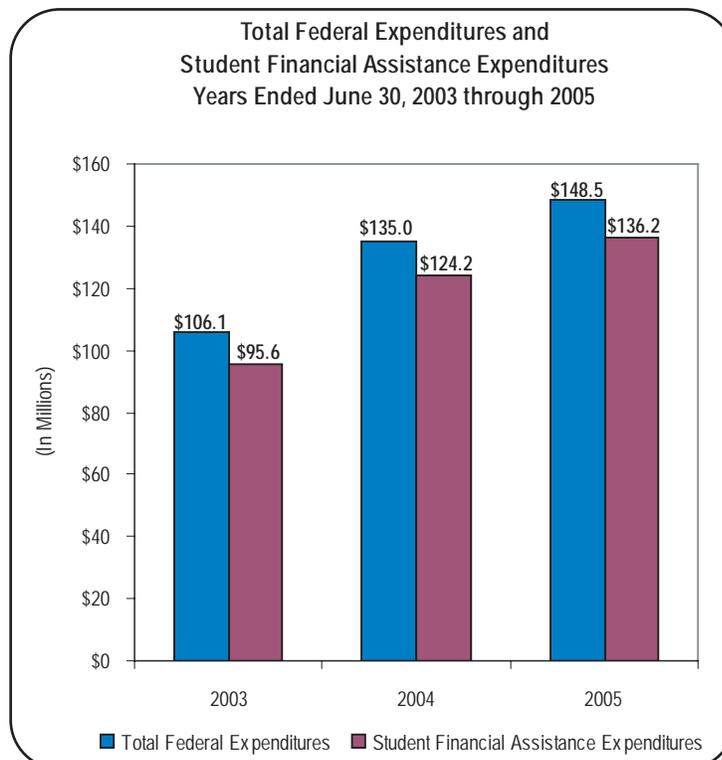
District expenditures of federal award monies increased \$13.5 million, or 10 percent, from fiscal year 2004 to fiscal year 2005 as illustrated in the figure below.

The largest increase was a \$12 million increase (10 percent) in student financial assistance (SFA) monies from the prior fiscal year. The District spent 92 percent of its federal funding for SFA programs in fiscal year 2005.

Two student financial assistance programs increased significantly during the year. Specifically,

- Federal Family Education Loans program increased \$8.2 million (14 percent).
- Federal Direct Student Loans increased \$1.2 million (15 percent).

The increased expenditures in the SFA programs resulted from increased student enrollment. Also, a greater percentage of students took advantage of the loan programs.



The District Did Not Always Comply with Federal Student Financial Assistance Program Requirements

The District included open entry/open exit courses that were not completed within the standard term in its standard term financial aid award calculations. If open entry/open exit courses are not completed within the standard term, they are considered nonterm programs, and different federal financial assistance formulas and regulations apply. Auditors noted that 2 of 53 students tested were enrolled in at least one open entry/open exit course that was not completed within the standard term.

As a result, the District may have to repay to the federal government that portion of the federal financial assistance awards made to those students if they did not successfully complete the open entry/open exit courses. Auditors noted questioned costs of \$9,684 for the two sampled students who did not complete the open entry/open exit courses within the standard term. This finding was considered a reportable condition and immaterial noncompliance for the Student Financial Assistance Programs.

The Single Audit Fact Sheet

- No weaknesses in financial reporting internal controls were noted.
- One weakness in federal compliance internal controls was noted that resulted in immaterial noncompliance with federal compliance requirements.
- Program costs totaling \$9,684 were questioned as a result of our audit.

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