

**REPORT  
HIGHLIGHTS**  
SINGLE AUDIT

**Subject**

The District is responsible for preparing financial statements, complying with federal and state laws, and maintaining strong internal controls over compliance and financial reporting. As the auditors, our job is to determine whether the District has met its responsibilities. The District's Single Audit Reporting Package includes our report on the District's financial statements, the District's financial statements including its Schedule of Expenditures of Federal Awards, and our reports on the District's compliance and internal control.

**Our Conclusion**

The information in the District's financial statements is fairly stated in all material respects, and the financial statements can be relied upon. The District also maintained adequate internal controls over financial reporting and federal compliance, and complied with the federal program requirements for the programs tested.



**2003**

Year Ended June 30, 2003

**District's Condensed  
Financial Information**

The following tables present summarized versions of the District's Statement of Net Assets and its Statement of Revenues, Expenses, and Changes in Net Assets.

	2003	2002
<b>Assets</b>		
Current	\$ 3,443	\$ 3,974
Noncurrent assets, other than capital assets	205	345
Capital	<u>15,726</u>	<u>16,168</u>
Total assets	<u>19,374</u>	<u>20,487</u>
<b>Liabilities</b>		
Current	1,357	1,077
Noncurrent	<u>12,095</u>	<u>12,516</u>
Total liabilities	<u>13,452</u>	<u>13,593</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	3,554	4,062
Restricted	758	966
Unrestricted	<u>1,610</u>	<u>1,866</u>
Total net assets	<u>\$ 5,922</u>	<u>\$ 6,894</u>

	2003	2002
<b>Operating Revenues</b>		
Tuition and fees	\$ 2,123	\$ 1,921
Government grants and contracts	2,183	1,882
Bookstore income	1,249	1,208
Other	<u>346</u>	<u>552</u>
Total operating revenues	<u>5,901</u>	<u>5,563</u>
<b>Nonoperating Revenues</b>		
State appropriations	3,630	3,945
Property taxes	9,515	9,290
Other	<u>607</u>	<u>574</u>
Total nonoperating revenues	<u>13,752</u>	<u>13,809</u>
Capital appropriations	440	471
Capital grants and gifts	<u>229</u>	<u>47</u>
Total revenues	<u>\$ 20,322</u>	<u>\$ 19,890</u>
<b>Operating Expenses</b>		
Educational and general	\$ 17,788	\$ 17,897
Auxiliary enterprises	1,595	1,541
Other	<u>1,007</u>	<u>941</u>
Total operating expenses	<u>20,390</u>	<u>20,379</u>
<b>Nonoperating Expenses</b>		
Interest expense	903	634
Other	<u>406</u>	<u>406</u>
Total nonoperating expenses	<u>903</u>	<u>1,040</u>
Total expenses	<u>\$ 21,293</u>	<u>\$ 21,419</u>

**The District Outsourced its  
Information Technology Department**

In January 2003, the District entered into a 7-year contract with a comprehensive consulting services company to operate and manage information technology at the District. Cumulative costs during the agreement period will be \$9.9 million adjusted annually based on changes in the Consumer Price Index—All Urban Consumers.

Auditors noted two concerns regarding this contract. First, the services were not competitively bid as the District considered the selected vendor to be a

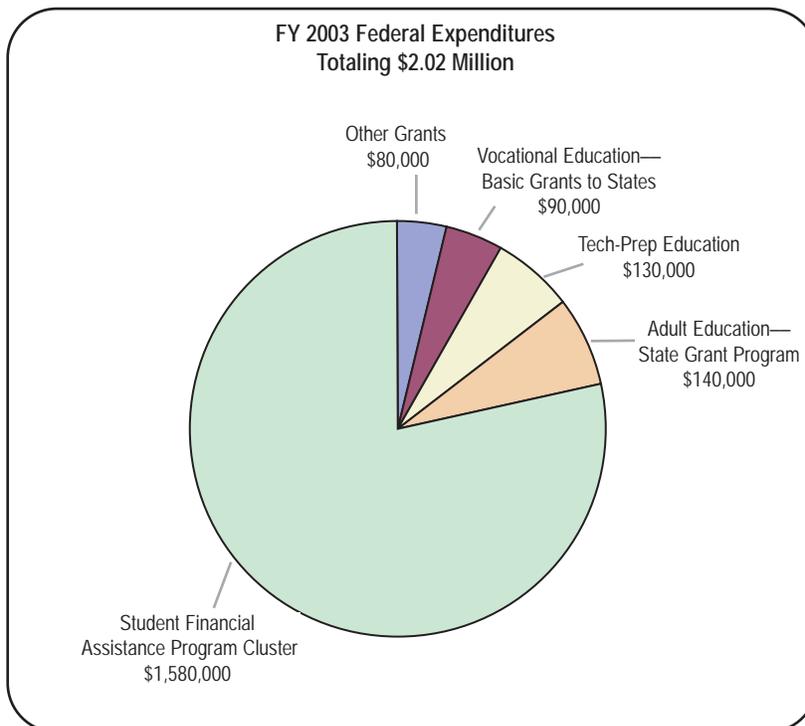
sole source. Sole source procurement is justified when there are no alternative sources. However, the District did not fully document its process determining whether there were alternative sources prior to vendor selection. Therefore, it was not clear that these services were obtained at the best possible price. Second, the contract violated the Arizona Administrative Code as the contract obligated the District beyond 1 fiscal year providing no annual renewal options and requiring a fee be paid if the District chooses to terminate the contract.

# The District Spent More than \$2 Million of Federal Monies

The District spent over \$2 million of federal monies and additional required state matching monies this past year for ten federal grant programs. The largest federal grants were for student financial assistance. Under the guidelines established by the Single Audit Act, auditors tested the following federal programs

collectively referred to as the Student Financial Assistance Program Cluster:

- Federal Supplemental Educational Opportunity Grants
- Federal Work-Study Program
- Federal Perkins Loan Program—  
Federal Capital Contributions
- Federal Pell Grant Program



## TO OBTAIN MORE INFORMATION

A copy of the full report can be obtained by calling  
**(602) 553-0333**



or by visiting our Web site at:  
[www.auditorgen.state.az.us](http://www.auditorgen.state.az.us)

Contact person for this report:  
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## The Single Audit Fact Sheet

- No weaknesses in financial reporting or federal compliance internal controls.
- No violations of federal program compliance requirements.
- No program costs were questioned as a result of our audit.

## REPORT HIGHLIGHTS SINGLE AUDIT

Year Ended June 30, 2003