

**Coconino County Community College District
(Coconino College)**

Single Audit Reporting Package

Year Ended June 30, 2006

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(Coconino College)
Single Audit Reporting Package
Year Ended June 30, 2006**

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Issued separately

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Independent Auditor's 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*

The Auditor General of the State of Arizona

The Governing Board of
Coconino County Community College District

We have audited the financial statements of the business-type activities and discretely presented component unit of Coconino County Community College District as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 3, 2006. Our report was modified to include a reference to our reliance on other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the discretely presented component unit were not audited by the other auditors in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide an opinion on internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an

opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Auditor General of the State of Arizona, the Governing Board, 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.

Miller, Allen & Co., P.C.

November 3, 2006

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**Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control over Compliance in
Accordance with OMB Circular A-133**

The Auditor General of the State of Arizona

The Governing Board of
Coconino County Community College District

Compliance

We have audited the compliance of Coconino 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, 2006. The District's major federal programs are identified in the Summary of Auditor's 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, Coconino 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, 2006. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133, and that is described in the accompanying Schedule of Findings and Questioned Costs as item **06-1**.

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 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over compliance that, in our judgment, could adversely affect the District's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item **06-1**.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control over compliance would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the business-type activities and discretely presented component unit of Coconino County Community College District as of and for the year ended June 30, 2006, and have issued our report thereon dated November 3, 2006. Our report was modified to include a reference to our reliance on other auditors. Our audit was performed for the purpose of forming 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 Auditor General of the State of Arizona, the Governing Board, 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.

Miller, Allen & Co., P.C.

November 3, 2006

**Coconino County Community College District
(Coconino College)
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2006**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Small Business Administration			
Passed through the Maricopa County Community College District Small Business Development Center	59.037	6-603001-Z-0003-14	<u>\$ 75,977</u>
U.S. Department of Education			
Higher Education – Institutional Aid	84.031		<u>475,000</u>
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants	84.007		153,487
Federal Work-Study Program	84.033		100,582
Federal Family Education Loans	84.032		873,377
Federal Pell Grant Program	84.063		<u>1,384,812</u>
Total Student Financial Assistance Cluster			<u>2,512,258</u>
Passed through the Arizona Commission for Postsecondary Education			
Leveraging Educational Assistance Partnership	84.069	86-6004791	12,791
Passed through the Arizona Department of Education			
Tech–Prep Education	84.243	06FCTDTP-670545-03A	138,703
Adult Education – State Grant Program	84.002	06FAEABE-670545-01A	217,250
Twenty-First Century Community Learning Centers	84.287	06FBPCY3-660592-01A	5,000
Vocational Education – Basic Grants to States	84.048	06FCTDBG-670545-04A	<u>190,069</u>
Total U.S. Department of Education			<u>3,551,071</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,627,048</u></u>

See accompanying notes to schedule.

**Coconino County Community College District
(Coconino College)
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2006**

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Coconino 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 2006 *Catalog of Federal Domestic Assistance*.

**Coconino County Community College District
(Coconino College)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2006**

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

YES NO

Material weakness identified in internal control over financial reporting?

_____ X

Reportable condition identified not considered to be a material weakness?

_____ X
(None reported)

Noncompliance material to the financial statements noted?

_____ X

Federal Awards

Material weakness identified in internal control over major programs?

_____ X

Reportable condition identified not considered to be a material weakness?

X _____

Type of auditor's 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])?

X _____

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.002	Adult Education – State Grant Program Student Financial Assistance Cluster:
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.032	Federal Family Education Loans

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

X _____

Other Matters

Auditee's summary Schedule of Prior Audit Findings required to be reported in accordance with Circular A-133 (section .315[b])?

_____ X

**Coconino County Community College District
(Coconino College)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2006**

Federal Award Finding

Item: 06-1

CFDA Number: 84.032

Program: Federal Family Education Loans

Agency: U.S. Department of Education

Award Year: 7/1/05 – 6/30/06

Award Number: 03100400

Questioned Costs: N/A

Condition: The institution must notify lenders and the National Student Loan Data System (NSLDS) of a change in student status within a specified time frame, depending on the circumstances. For one of ten students with status changes selected for testing, the District did not notify the lender or the NSLDS of the change in status within the required time frame.

Recommendation: To comply with Federal requirements, controls should be strengthened to help ensure that student status changes are submitted to the applicable lender and the NSLDS within the required time frame.

District Responses

**Coconino County Community College District
(Coconino College)
Corrective Action Plan
Year Ended June 30, 2006**

Item: 06-1

CFDA Number: 84.032

Program: Federal Family Education Loans

Name of Contact Person: Bob Voytek

Anticipated Completion Date: 1/31/07

Corrective Action: The following procedures are now in place. Upon withdrawing a student who has Family Federal Education Loans, the Office of the Student Financial Assistance (OSFA) is manually reporting the withdrawal status to the National Student Loan Data System (NSLDS) within 30 days of the "date of determination." Sometimes OSFA learns of a withdrawn student during the semester and sometimes it learns about the withdrawal after grades have posted at the end of the semester. The latest that OSFA will report withdrawal status for a given semester is 30 days after the date of determination, or 30 days after grades posting if a prior date of determination has not occurred.

For all other students, OSFA will rely on National Student Loan Clearinghouse (NSLC) reporting and the Student Status Confirmation Reporting (SSCR) from NSLDS. CCC will report to the NSC on 01/13/2007 (fall), 02/05/2007 (spring), 03/16/2007 (spring), 04/24/2007 (spring), 05/24/2007 (spring), 07/14/2007 (summer), 08/18/2007 (summer). The CCC SSCR schedule is 12/01/2006, 02/01/2007, 03/01/2007, 05/01/2007, 06/01/2007, and 10/01/2007.

The College notes that the effected year was the first year of experience the College had with student loan administration. Therefore, we appreciate that this deficiency was located early so it could be corrected early. We are committed to complete compliance with all regulations and seek collaborative solutions that involve all parts of the College. In this particular case, the College vice presidents, financial aid administrators, business and administrative services staff, academic affairs staff, computing services staff, and others reviewed the matters and crafted plans that will help obtain student status change information sooner from those who may learn of it earliest (e.g., faculty).