

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

Single Audit Reporting Package

Year Ended June 30, 2009

**Coconino County Community College District
(Coconino College)
Single Audit Reporting Package
Year Ended June 30, 2009**

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Reports Issued Separately

Comprehensive Annual Financial Report

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, 2009, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 14, 2009. 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. Other auditors audited the financial statements of the Coconino College Foundation, the discretely presented component unit, as described in our report on the District's financial statements. The financial statements of the Coconino College Foundation were not audited by the other auditors in accordance with *Government Auditing Standards*. The Coconino College Foundation did not provide the reported results of the other auditors' testing of internal control over its financial reporting. Consequently, this report does not include our consideration of the other auditors' testing of internal control over financial reporting that is reported on separately by those other auditors.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's basic financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the basic financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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, management, 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.



December 14, 2009

**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, 2009. 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.

As described in items **09-01** and **09-02** in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding special tests and provisions that are applicable to its Student Financial Assistance Cluster of programs. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, 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, 2009.

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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and material weaknesses.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control. We consider items **09-01** and **09-02** described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over compliance.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control. We consider items **09-01** and **09-02** described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

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, 2009, and have issued our report thereon dated December 14, 2009. Our report was modified to include a reference to our reliance on other auditors. Our audit was performed for the purpose of forming our 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.

Coconino County Community College District's responses to the findings identified in our audit are presented on pages 12 and 13. We did not audit the District's responses and, accordingly, we express no opinion on them.

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, management, 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.

December 14, 2009

Coconino County Community College District
(Coconino College)
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
U.S. Small Business Administration			
Small Business Development Centers, passed through the Maricopa County Community College District	59.037	9-603001-Z-0003-17 8-603001-Z-0003-16	\$ 82,865
U.S Department of Education			
Adult Education – Basic Grants to States, passed through the Arizona Department of Education	84.002	09FAEABE-970545-03 09FAEARP-970545-08 09FAEADL-970545-05 09FAECIV-970545-06	225,722
Student Financial Assistance Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007		153,487
Federal Family Education Loans (FFEL)	84.032		2,645,778
Federal Work-Study Program	84.033		88,822
Federal Pell Grant Program	84.063		2,168,838
Academic Competitiveness Grants	84.375		21,650
Total Student Financial Assistance Cluster			<u>5,078,575</u>
Higher Education-Institutional Aid	84.031		584,444
Career and Technical Education – Basic Grants to States, passed through the Arizona Department of Education	84.048	09FCTDBG-970545-02 08FCTDBG-870545-05	186,162
Leveraging Educational Assistance Partnership, passed through the Arizona Commission for Postsecondary Education	84.069	86-6004791	13,209
Tech-Prep Education, passed through Arizona Department of Education	84.243	09FCTDTP-970545-01 08FCTDTP-870545-06	125,802
State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act, passed through the Arizona Governor's Office of Strategic Planning and Budgeting	84.394	N/A	649,258
Total U.S. Department of Education			<u>6,863,172</u>
Total Expenditures of Federal Awards			<u>\$ 6,946,037</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, 2009

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 2009 *Catalog of Federal Domestic Assistance*.

Note 3 - Subrecipients

From the federal expenditures presented in the schedule for the Higher Education-Institutional Aid program (CFDA No. 84.031), the District awarded \$244,416 to subrecipients.

**Coconino County Community College District
(Coconino College)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009**

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

YES NO

Material weaknesses identified in internal control over financial reporting?

___ X

Significant deficiencies identified not considered to be material weaknesses?

___ X
(None reported)

Noncompliance material to the financial statements noted?

___ X

Federal Awards

Material weaknesses identified in internal control over major programs?

X ___

Significant deficiencies identified not considered to be material weaknesses?

___ X
(None reported)

Type of auditor's report issued on compliance for major programs:

Unqualified for all major programs except for the Student
Financial Assistance Cluster of programs, which was qualified.

Any audit findings disclosed that are required to be reported in accordance with
Circular A-133 (section .510[a])?

X ___

Identification of major programs:

CFDA

<u>Number</u>	<u>Name of Federal Program or Cluster</u>
84.031	Higher Education – Institutional Aid
84.394	State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act Student Financial Assistance Cluster
84.007	Federal Supplemental Educational Opportunity Grants
84.032	Federal Family Education Loans (FFEL)
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.375	Academic Competitiveness Grants

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, 2009**

Federal Award Findings and Questioned Costs

Item: **09-01**

Student Financial Assistance Cluster:

CFDA No.: 84.007 Federal Supplemental Educational Opportunity Grants
84.032 Federal Family Education Loans (FFEL)
84.033 Federal Work-Study Program
84.063 Federal Pell Grant Program
84.375 Academic Competitiveness Grants

Agency: U.S. Department of Education

Award Year: July 1, 2008 through June 30, 2009

Questioned Costs: Not applicable

Under the requirements of the Federal Family Education Loans program (FFEL) and Direct Student Loan program, the District must notify the National Student Loan Database System (NSLDS) within 30 days of a change in student status, or include the change in status in a response to a Student Status Confirmation Reports (SSCR) within 60 days. For one of three FFEL borrowers tested with enrollment status changes, there were multiple enrollment status changes during the reporting period, with only the final status change reported to NSLDS within the required period. This finding is a material weakness in internal control and a material noncompliance with the program's special tests and provisions requirements.

Recommendation: The District should establish policies and procedures to ensure the prompt and accurate reporting of student status changes to NSLDS.

Item: **09-02**

Student Financial Assistance Cluster:

CFDA No.: 84.007 Federal Supplemental Educational Opportunity Grants
84.032 Federal Family Education Loans (FFEL)
84.033 Federal Work-Study Program
84.063 Federal Pell Grant Program
84.375 Academic Competitiveness Grants

Agency: U.S. Department of Education

Award Year: July 1, 2008 through June 30, 2009

Questioned Costs: Unknown

When a student receiving Title IV grants or loan assistance withdraws from school, the District must determine the amount earned by the student and the amount that must be returned to the Title IV programs. For one of twelve return of Title IV calculations tested, the calculation was not in accordance with the grantor's requirements.

Coconino County Community College District
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Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Based on test work performed, it was determined the student's portion of the unearned aid was calculated incorrectly, due to a system error. The student should have been charged \$145 as the required return to Title IV, but as a result of a "Banner" software system error, the student was not charged. This finding is a material weakness in internal control and a material noncompliance with the program's special tests and provisions requirements.

Recommendation: Policies and procedures should be established to periodically test the accuracy of the "Banner" software system calculations regarding the return to Title IV funds.

District Responses

**Coconino County Community College District
(Coconino College)
Corrective Action Plan
Year Ended June 30, 2009**

Item: 09-01

Student Financial Assistance Cluster:

CFDA No.: 84.007 Federal Supplemental Educational Opportunity Grants
84.032 Federal Family Education Loans (FFEL)
84.033 Federal Work-Study Program
84.063 Federal Pell Grant Program
84.375 Academic Competitiveness Grants

Name of Contact Person: Bob Voytek

Anticipated Completion Date: 10-12-09 (completed)

Corrective Action: When students withdraw at the end of the current (fall) semester and immediately re-enroll for the following (spring) semester, our system only reports the spring semester value for enrollment status. Therefore, when a student has two enrollment statuses (IE: withdrawn from fall and full-time for spring), only the spring (full-time) enrollment is picked up.

Our new procedure for student loan recipients who withdraw is to manually report them as withdrawn in NSLDS. Our automated process (National Student Clearinghouse) will still be used for all other situations.

Item: 09-02

Student Financial Assistance Cluster:

CFDA No.: 84.007 Federal Supplemental Educational Opportunity Grants
84.032 Federal Family Education Loans (FFEL)
84.033 Federal Work-Study Program
84.063 Federal Pell Grant Program
84.375 Academic Competitiveness Grants

Name of Contact Person: Bob Voytek

Anticipated Completion Date: 11-18-09 (completed)

Corrective Action: We initiated a Banner Student Administration System defect regarding the amount of grant aid students are required to return (Step 9.U on the Treatment of Title IV Funds When A Student Withdraws From a Credit-Hour Program form). This affected all colleges who run return to title IV via batch process in Banner. Sungard SCT- Banner created a patch for this system defect 1-8LKKSD/1-8N7BEX on 11-18-2009. We are installing the patch into our system.

In the meantime, we are using the manual return to title IV calculation and validating it using hand calculations on the Treatment of Title IV Funds When A Student Withdraws From a Credit-Hour Program form.

**Coconino County Community College District
(Coconino College)
Corrective Action Plan
Year Ended June 30, 2009**

We take this finding very seriously and have devoted a great deal of time recalculating all of our other withdrawals. We also identified other students who had miscalculations due to the Banner system defect. All of these students have been recalculated manually and have been informed of their required return amount. We will continue to monitor our system integrity in the future.