
Coconino County Community College District

*Independent Auditors' Report
and
Single Audit Reporting Package
June 30, 2013*



CPAs | Business & Financial Advisors

Coconino County Community College District

Table of Contents

	<u>Page</u>
Comprehensive Annual Financial Report	
Issued Separately	
Single Audit Section	
Independent Auditors' Reports on	
Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1-2
Compliance for Each Major Federal Program; Internal Control Over Compliance; and Schedule of Expenditures of Federal Awards Required by OMB Circular A-133	3-5
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs	8-11

**Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of 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, 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 business-type activities and discretely presented component unit of Coconino County Community College District (the "District") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 28, 2013. Our report included a reference to our reliance on other auditors. Other auditors audited the financial statements of the Coconino Community College Foundation, the discretely presented component unit, as described in our report on the District's financial statements. The financial statements of the Coconino Community College Foundation were not audited by the other auditors in accordance with *Government Auditing Standards*. The Coconino Community 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 of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

REDW LLC

Phoenix, Arizona
October 28, 2013

Independent Auditors' Report on Compliance for Each Major Federal Program; Internal Control Over Compliance; and Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

The Auditor General of the State of Arizona
The Governing Board of
Coconino County Community College District

Report on Compliance for Each Major Federal Program

We have audited Coconino County Community College District's (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We have issued our report thereon dated October 28, 2013, that contained unmodified opinions on those financial statements. Our audit was conducted 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 is the responsibility of the District's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

REDW LLC

Phoenix, Arizona
October 28, 2013

Coconino County Community College District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Funding Source/Grant/Contract Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Labor			
Employment Training Administration:			
Incentive Grants – WIA Section 503, passed through the Arizona Department of Education	17.267	13FAEAEI-370545-05A	\$ 27,608
ARRA – Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275		67,942
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282		<u>78,860</u>
Total U.S. Department of Labor			<u>174,410</u>
U.S. Small Business Administration			
Small Business Development Centers, passed through the Maricopa County Community College District			
	59.037	3-603001-Z-0003C	53,881
		0-603001-Z-0003-18	47,943
		1-603001-Z-0104	<u>35,759</u>
Total U.S. Small Business Administration			<u>137,583</u>
U.S. Department of Education			
Office of Vocational and Adult Education:			
Adult Basic Education – Basic Grants to States, passed through the Arizona Department of Education			
	84.002	13FAEABE-370545-02A	212,495
		13FAEAEF-370545-03A	57,926
		13FAEADL-370545-04A	<u>12,500</u>
			<u>282,921</u>
Career and Technical Education – Basic Grants to States, passed through the Arizona Department of Education			
	84.048	13FCTDBG-370545-01A	178,759
		12FCTDBG-270545-04A	32,987
		13FSEEP3-370545-07A	<u>13,703</u>
			<u>225,449</u>
Office of Student Financial Assistance Programs:			
Student Financial Assistance Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007		153,487
Federal Work-Study Program	84.033		93,984
Federal Pell Grant Program	84.063		4,374,886
Federal Direct Student Loans	84.268		<u>3,942,643</u>
Total Student Financial Assistance Cluster			<u>8,565,000</u>
Office of Postsecondary Education:			
TRIO Cluster:			
TRIO Student Support Services	84.042		<u>216,275</u>
Total TRIO Cluster			<u>216,275</u>
Tech-Prep Education, passed through the Arizona Department of Education	84.243	11FCTDTP-170545-02A	<u>5,777</u>
Total U.S. Department of Education			<u>9,295,422</u>
U.S. Department of Health and Human Services			
National Institute of Health:			
Bridges to Baccalaureate, passed through Northern Arizona University			
	93.859	Subaward 1001966-02 Prime # 1R25GM102788-01	<u>21,654</u>
Total U.S. Department of Health and Human Services			<u>21,654</u>
Total expenditures of federal awards			<u>\$ 9,629,069</u>

See accompanying notes to the schedule of expenditures of federal awards.

Coconino County Community College District
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

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.

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 2013 *Catalog of Federal Domestic Assistance*.

Coconino County Community College District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Section I — Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting: Material weaknesses identified?	No
Significant deficiencies identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs: Material weaknesses identified?	No
Significant deficiencies identified?	None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Coconino County Community College District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Section I — Summary of Auditors' Results — continued

Identification of major programs:

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

Dollar threshold used to distinguish
between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes

Other Matters

Auditee's Summary Schedule of Prior Audit Findings
required to be reported in accordance with
Circular A-133 (section .315[b])? No

Coconino County Community College District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Section II — Financial Statement Findings

No matters were reported.

Coconino County Community College District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Section III — Federal Award Findings and Questioned Costs

No matters were reported.