

**COCHISE COUNTY  
COMMUNITY COLLEGE DISTRICT  
(COCHISE COLLEGE)**

**SINGLE AUDIT REPORTING PACKAGE  
FOR THE YEAR ENDED JUNE 30, 2009**

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
SINGLE AUDIT REPORTING PACKAGE  
FOR THE YEAR ENDED JUNE 30, 2009**

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**INDEPENDENT AUDITORS' 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  
Cochise County Community College District

We have audited the financial statements of the business-type activities and discretely presented component unit (Foundation) of Cochise County Community College District (the 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 on the financial statements was modified to include a reference to our reliance on other auditors and as to consistency because of the implementation of Governmental Accounting Standards Board Statement No. 45. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Foundation as described in our report on the District's financial statements. The financial statements of the Foundation were not audited by the other auditors in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors' testing of internal control over financial reporting that is reported on separately by those auditors.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered Cochise County Community College 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, but not for the purpose of expressing an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Cochise County Community College 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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity'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 financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

Our consideration of the 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 that we consider to be a material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Cochise County Community College District's 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 Cochise County Community College District's management, Governing Board and others within the entity, Arizona Office of the Auditor General, Arizona State Legislature, 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.

*Breecher & Company P.C.*

Certified Public Accountants

January 31, 2010



**INDEPENDENT AUDITORS' 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  
Cochise County Community College District

**Compliance**

We have audited the compliance of Cochise County Community College District, (the 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 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 - Federal Awards. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program 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 auditing standards generally accepted in the United States of America; 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, the 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. 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 09-01.

**Internal Control Over Compliance**

The management of the District 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 first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

A *control deficiency* in an entity'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 entity'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 entity's internal control. We consider item 09-01 described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency.

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 entity's internal control. We did not consider the deficiency described in the accompanying schedule of Findings and Questioned Costs to be a material weakness.

Cochise County Community College District's response to the finding identified in our audit is presented on page 9. We did not audit the District's response and, accordingly, we express no opinion on it.

#### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the business-type activities and discretely presented component unit of Cochise 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 on the financial statements was modified to include a reference to our reliance on other auditors and as to consistency because of the implementation of Governmental Accounting Standards Board Statement No. 45. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Cochise County Community College 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 Cochise County Community College District's management, Governing Board and others within the entity, Arizona Office of the Auditor General, Arizona State Legislature, 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.

*Breecher & Company P.C.*

Certified Public Accountants

January 31, 2010

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grantor's Number	Expenditures and Transfers	Amount Provided to Subrecipients
<b><u>U.S. Department of Labor</u></b>				
Indirect:				
Arizona Department of Education: Incentive Grants-WIA Section 503	17.267	09FAEABI-970536-10A	\$ <u>86,568</u>	
<b><u>National Science Foundation</u></b>				
Indirect:				
Arizona Board of Regents: Engineering Grants	47.041	09-183	<u>2,330</u>	
<b><u>U.S. Small Business Administration</u></b>				
Indirect:				
Maricopa County Community College District: Small Business Development Centers	59.037	8-603001-Z-0003-16-01 9-603001-Z-0003-17	<u>97,191</u>	
<b><u>U.S. Department of Education</u></b>				
Direct:				
Student Financial Assistance Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007		80,726	
Federal Family Education Loans	84.032		1,927,404	
Federal Work Study Program	84.033		88,117	
Federal Pell Grant Program	84.063		4,484,117	
Academic Competitiveness Grants	84.375		<u>6,496</u>	
Total Student Financial Assistance Cluster			<u>6,586,860</u>	
Higher Education-Institutional Aid	84.031		346,558	153,255
TRIO-Student Support Services	84.042		278,311	
Indirect:				
Arizona Department of Corrections: Grants to States for Workplace and Community Transition Training for Incarcerated Individuals	84.331	010115DC-Transition	62,443	
Arizona Department of Education:				
Adult Education-Basic Grants to States	84.002	09FAEABE-970536-03A 09FEACIV-970536-06A 09FAEADL-970536-05A 08FCTDBG-870536-01A	339,641	
Career and Technical Education	84.048	09FCTDBG-970536-02A	199,135	
Even Start-State Grant Program	84.213	09FECEVS-970536-09A	73,567	
Tech-Prep Education	84.243	08FCTDTP-870536-06A	111,324	20,304
Arizona Commission for Postsecondary Education: Leveraging Education Assistance Partnership	84.069	LEAP	9,969	
State of Arizona: State Fiscal Stabilization Fund-Education State Grants Recovery Act	84.394		<u>1,628,634</u>	
Total U.S. Department of Education			<u>9,636,442</u>	<u>173,559</u>
<b><u>U.S Department of Health and Human Services</u></b>				
Direct:				
Nursing Workforce Diversity	93.178		<u>48,128</u>	
Total Expenditures of Federal Awards			<u>\$ 9,870,659</u>	<u>\$ 173,559</u>

See notes accompanying schedule.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR YEAR ENDED JUNE 30, 2009**

**NOTE 1 - BASIS OF PRESENTATION**

The Schedule of Expenditures of Federal Awards represents amounts expended from Federal programs during the fiscal year ended June 30, 2009 as determined based on the accrual basis of accounting. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the District's accounting records from which the basic financial statements have been reported. The information presented in this schedule is presented in accordance with the requirements of OMB *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*.

**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*.



**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR YEAR ENDED JUNE 30, 2009**

**SUMMARY OF AUDITORS' RESULTS**

As required by United States Office of Management and Budget *Circular A-133*, Section .505, the following is a summary of the results of the audit of Cochise County Community College District for the fiscal year ended June 30, 2009.

**Financial Statements**

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	None Reported
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None Reported
Noncompliance material to financial statements noted?	None Reported

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	None Reported
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	Yes
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 OMB Circular A-133 (section .510[a]).	Yes

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Student Financial Assistance Cluster:	
84.007	Federal Supplemental Educational Opportunity Grants
84.032	Federal Family Education Loans
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.375	Academic Competitiveness Grants
84.394	State Fiscal Stabilization Fund-Education State Grants Recovery Act
84.031	Higher Education-Institutional Aid
84.002	Adult Education-Basic Grants to States

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 OMB Circular A-133 (section .315[b])?	Yes
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**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR YEAR ENDED JUNE 30, 2009**

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

<b>Finding Number</b>	09-01
<b>CFDA Number</b>	84.063
<b>Program Title</b>	Student Financial Aid Cluster Federal Pell Grant Program
<b>Compliance Requirement</b>	Special Tests and Provisions-Return of Title IV Higher Education Act (HEA) Funds-Unofficial Withdrawals
<b>Finding Type</b>	Noncompliance
<b>Questioned Costs</b>	N/A
<b>Finding</b>	The District had not implemented adequate procedures to determine, within 30 days after the end of the payment period whether Title IV HEA funds were earned for students who ceased attendance without providing official notification to the institution of their withdrawal. As a result, the institution did not timely identify those students who unofficially withdrew prior to the 60 percent point of the payment period.
<b>Criteria</b>	34 CFR 668.22, Treatment of Title IV Funds When a Student Withdraws
<b>Condition</b>	For 2 of 20 students tested who unofficially withdrew and received Title IV HEA funds during Fall 2008, the institution did not timely identify these students as unofficial withdrawals within 30 days of the end of the semester. Determination was made 48 and 52 days after the end of the semester.
<b>Cause</b>	The last day of attendance for students who have unofficially withdrawn is not always recorded at the time grades are posted.
<b>Effect</b>	The District is not in compliance with 34 CFR 668.22, Treatment of Title IV Funds When a Student Withdraws.
<b>Recommendation</b>	We recommend that the District timely identify all students that unofficially withdraw within 30 days after the end of the semester to determine if any Title IV HEA funds are required to be refunded.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
CORRECTIVE ACTION PLAN  
FOR THE YEAR YEAR ENDED JUNE 30, 2009**

**Finding Number**                    **09-01**

**CFDA Number**                    84.063

**Program Title**                    Student Financial Aid Cluster  
Federal Pell Grant Program:

**District's Response:**            At this time, the District's ERP system does not require instructors to enter the last date of attendance for "W" or "F" grades, although they are instructed to do so; a future version will provide the capability of requiring this information in order to process a "W" or "F". Because of this current constraint, unofficial withdrawals are often only identified from final grade rosters. When this occurs, emails are sent to the instructors in an attempt to identify the last date of attendance. Unfortunately, not all emails are responded to on a timely basis. This can make it problematic for the District to return funds determined to be unearned within the required 30 day period, especially at the conclusion of the fall semester because the District is closed for winter break.

**Resolution**                        The District will initiate changes to its ERP that will require instructors to enter the last date of attendance in the electronic grade roster whenever a grade of "W" or "F" is reported. The District will continue to forward email requests to ensure that data is entered timely. Until the ERP system is upgraded, the midterm date will be used as the last date of attendance to calculate any refund due for unofficial withdrawals when the true last date of attendance cannot be determined. The District intends to upgrade its ERP by the end of May 2010 and will begin to use the midterm date as a default effective December 31, 2009.

**District Contact**                    Kevin S. Butler, Vice-President for Administration

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR YEAR ENDED JUNE 30, 2009**

**Status of Federal Award Findings and Questioned Costs**

**Prior Year's Findings No. 08-1 and 08-2**

CFDA No.'s 84.002 Adult Education-State Grant Program; 84.031 Higher Education-Intuitionial Aid; No. 84.042 TRIO Student Support Services; 84.048A Career and Technical Education; 84.243A Tech-Prep Education; 84.331 Grants to States for Incarcerated Youth Offenders; 93.178 Nursing Workforce Diversity.

**Status:** Corrected

The District implemented compensating controls to ensure all employee time input is approved by department managers.