

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

**SINGLE AUDIT REPORTING PACKAGE  
FOR THE YEAR ENDED JUNE 30, 2011**

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
SINGLE AUDIT REPORTING PACKAGE  
FOR THE YEAR ENDED JUNE 30, 2011**

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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  
Cochise County Community College District

We have audited the financial statements of the business-type activities and discretely presented component unit of Cochise County Community College District (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 1, 2011. Our report on the financial statements was modified to include a reference to our reliance on other auditors. 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 Cochise College Foundation, Inc, (Foundation) the discretely presented component unit, 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**

Management of the District is responsible for establishing and maintaining effective 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 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's basic financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, 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 Cochise County Community College 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 and others within the District, 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.

**William Dobridge, CPA PC**

December 1, 2011



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON  
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 Cochise County Community College District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (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, 2011. 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 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, 2011. 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 11-01.

**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 to determine the 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*, 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.

### **Internal Control Over Compliance (concluded)**

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 a 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.

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 the internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying Schedule of Findings and Questioned Costs as item 11-01. 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.

### **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, 2011, and have issued our report thereon dated December 1, 2011. Our report on the financial statements 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 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.

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

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 and others within the District, 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.

**William Dobridge, CPA PC**  
December 1, 2011

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number (Note 2)</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures and Transfers</u>	<u>Amounts Provided to Subrecipients</u>
<b><u>U.S. Department of Labor</u></b>				
Indirect:				
Arizona Department of Education:				
ARRA - WIA Adult Program	17.258	11FAEIBA-170536-02A	\$ 120,795	
<b><u>National Science Foundation</u></b>				
Direct:				
Education and Human Resources	47.076		21,078	
<b><u>U.S. Small Business Administration</u></b>				
Direct:				
Entrepreneurial Education and Development	59.000		13,546	
Indirect:				
Maricopa County Community College District:				
Small Business Development Centers	59.037	0-603001-Z-0003-18 1-603001-Z-0003-19	67,123	
Total U.S. Small Business Administration			<u>80,669</u>	
<b><u>U.S. Department of Education</u></b>				
Direct:				
Student Financial Assistance Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007		57,037	
Federal Work Study Program	84.033		94,858	
Federal Pell Grant Program	84.063		7,691,354	
Federal Direct Student Loans	84.268		1,867,548	
Academic Competitiveness Grants	84.375		69,226	
Total Student Financial Assistance Cluster			<u>9,780,023</u>	
TRIO-Student Support Services	84.042		255,284	
Indirect:				
Arizona Department of Corrections:				
Grants to States for Workplace and Community Transition Training for Incarcerated Individuals	84.331	1000007DC-Transition	54,756	
Arizona Board of Regents:				
Teacher Quality Partnership Grants	84.336	IGA-08-937	38,661	
Arizona Department of Education:				
Adult Education-Basic Grants to States	84.002	11FAEABE-170536-05A 11FAEAEF-070536-06A 11FAEADL-170536-07A 11FAEACF-170536-04A	563,753	
Career and Technical Education- Basic Grants to States	84.048	10FCTDBG-070536-02A 11FCTDBG-170536-01A	202,038	
Even Start- State Grant Program	84.213	11FECEVS-170536-08A 10FCTDTP-070536-01A	75,000	
Tech-Prep Education	84.243	11FCTDTP-170536-03A	115,557	\$ 13,283
Arizona Commission for Postsecondary Education:				
Leveraging Education Assistance Partnership	84.069A	None	11,843	
Special Leveraging Educational Assistance Partnership	84.069B	None	2,750	
State of Arizona:				
ARRA - State Fiscal Stabilization Fund-Education State Grants Recovery Act	84.394	None	20,556	
Total U.S. Department of Education			<u>11,120,221</u>	<u>13,283</u>
Total Expenditures of Federal Awards			<u>\$ 11,342,763</u>	<u>\$ 13,283</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, 2011**

**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, 2011, 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 2011 *Catalog of Federal Domestic Assistance*.



**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR YEAR ENDED JUNE 30, 2011**

**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, 2011.

**Financial Statements**

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

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	<u>None Reported</u>
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u>Yes</u>
Type of auditor's report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510[a]).	<u>Yes</u>

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
17.258	ARRA - WIA Adult Education
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
84.375	Academic Competitiveness Grants

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**Other Matters:**

Auditee's Summary Schedule of Prior Audit Findings required to be reported in accordance with OMB Circular A-133 (section .315[b])?	<u>Yes</u>
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**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR YEAR ENDED JUNE 30, 2011**

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

<b>Finding Number</b>	<b>11-01</b>
<b>CFDA Number</b>	84.268
<b>Program Title</b>	Federal Direct Student Loans (FDSL)
<b>Compliance Requirement</b>	Special Tests and Provisions - Exit Counseling
<b>Finding Type</b>	Noncompliance
<b>Questioned Costs</b>	N/A
<b>Finding</b>	A student that graduated after the Spring 2011 semester and received a Federal Direct Student Loan (FDSL) was not provided with exit counseling within 30 days after graduation. In addition, four students that received FDSL's during that Spring 2011 semester and did not return for the Fall 2011 semester, were not provided with timely exit counseling within 30 days after the school learned that the student no longer attended.
<b>Criteria</b>	34 CFR 682.604(g)(1), <i>Exit Counseling</i> A school must conduct exit counseling with each Stafford loan borrower either in person, by audiovisual presentation, or by interactive electronic means. In each case, the school must conduct this counseling shortly before the student borrower ceases at least half-time study at the school. If a student borrower withdraws from school without the school's prior knowledge or fails to complete an exit counseling session as required, the school must provide exit counseling through either interactive electronic means or by mailing written counseling materials to the student borrower at the student borrower's last known address within 30 days after learning that the student borrower has withdrawn from school or failed to complete the exit counseling as required.
<b>Condition</b>	5 of 10 students with FDSL's were not provided with exit counseling within 30 days after the school learned the student had either graduated or was no longer attending school.
<b>Cause</b>	The District's student financial aid tracking software did not properly identify all students that graduated or no longer attended the school.
<b>Effect</b>	When exit counseling information is not provided, FDSL student loan borrowers may not be fully aware of their loan repayment obligations, and lenders and guarantors may not be timely provided with important personal and contact information, which could lead to an increased default rate for the District.
<b>Recommendation</b>	We recommend that the District provide exit counseling to all students with FDSL's within 30 days of learning the student no longer attended the school.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT  
CORRECTIVE ACTION PLAN  
FOR THE YEAR YEAR ENDED JUNE 30, 2011**

**Finding Number**                    **11-01**

**CFDA Number**                    84.268

**Program Title**                    Federal Direct Student Loans (FDSL)

**Implementation Date:**        December 2011

**District's Response:**        Last year, the District created a program that runs on the 15th of each month to generate letters to those students that have graduated or withdrawn within the past 30 days. These letters were accompanied by the U.S. Department of Education brochure on exit interviews and provided our former students with information on how to access and complete the online exit interview process. We believed that the use of this program would keep the District current with the mailing of exit conference information packets.

This year, the District discovered that the program identified above did not detect all of the student withdrawal codes. As such, not all former students received the information regarding completing the online exit process. The manufacturer of our system software just came out with a patch that will generate a report for detection of all student drops. The District has just begun testing the new version and hopes to have it in production by December 2011. Once that system patch is in place, the program will prepare the letters for all affected former students. In the meantime, our Student Financial Aid employees are manually scanning, on a daily basis, all drop reports to detect students requiring exit interviews to send them these materials.

**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, 2011**

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

**Prior Year Finding No. 10-01**

**CFDA Number**           84.032

**Program Title**           Federal Family Education Loans (FFEL)

**Prior Finding:**           5 of 5 students tested with FFEL's were not provided with exit counseling within 30 days of graduating.

**Status:**                   Not Corrected  
The Federal Family Education Loans have been replaced with Federal Direct Student Loans. See current finding 11-01 regarding exit counseling for Federal Direct Student Loans.