

Mohave County Community College District
Single Audit Reporting Package
June 30, 2017

 **Snyder & Butler, CPAs, PLLC**

Mohave County Community College District
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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
Mohave County Community College District

We have audited the financial statements of the business-type activities and discretely presented component unit of Mohave County Community College District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 13, 2017. Our report includes a reference to other auditors who audited the financial statements of the Mohave Community College Foundation, the discretely presented component unit, as described in our report on the District's financial statements. 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. However, the financial statements of the Mohave Community College Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Mohave Community College Foundation.

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 basic 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item **2017-01**, that we consider to be a material weakness.

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*.

Mohave County Community College District's Response to Findings

Mohave County Community College District's response to the finding identified in our audit is presented in its corrective action plan at the end of the report. The District's response was not subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

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.

Insole & Butler, CPAs, PLLC

Tempe, Arizona
December 13, 2017

❖ Snyder & Butler, CPAs, PLLC

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Auditor General of the State of Arizona

The Governing Board of
Mohave County Community College District

Report on Compliance for Each Major Federal Program

We have audited Mohave County Community College District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Programs

In our opinion, Mohave County Community College District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2017.

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 compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mohave County Community College 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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on schedule of expenditures of federal awards required by the Uniform Guidance

We have audited the financial statements of the business-type activities and discretely presented component unit of Mohave County Community College District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 13, 2017, that contained unmodified opinions on those financial statements. Our report also included a reference to our reliance on other auditors. 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 the Uniform Guidance 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.

Smsola + Butler, CPAs, PLLC

Tempe, Arizona
March 12, 2018

**Mohave County Community College District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: Unmodified

Internal control over financial reporting:
Material weaknesses identified? Yes

Significant deficiencies identified? None reported

Non-Compliance material to financial statements noted? No

Federal Awards

Internal control over major programs:
Material weaknesses identified? No

Significant deficiencies identified? None reported

Identification of major programs and type of auditor's report issued on compliance for major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	
	Student Financial Assistance Cluster:	Unmodified
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	

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)A No

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? No

Other Matters

Auditee's summary schedule of prior audit findings required to be reported in accordance with 2 CFR 200.511 (b)? Yes

**Mohave County Community College District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017**

Section II-Financial Statement Findings

2017-01- Preparation of annual financial report (Material Weakness: Repeat Finding)

Criteria: The District should have policies and procedures to help ensure that its annual financial report that includes its financial statements, note disclosures, required supplementary information, and other financial schedules is accurately compiled and prepared in accordance with U.S. generally accepted accounting principles (GAAP). Accurate financial statements prepared in accordance with GAAP provide valuable information to those charged with governance, management, and other financial statement users, to make important decisions about the District's financial operations.

Condition and context: The District's Governing Board and management depend on accurate financial statements to fulfill their oversight responsibilities and to report accurate information to the public and agencies from which the District receives funding. However, the District did not ensure that a detailed review of the District's annual financial report was performed by a reviewer who was knowledgeable of governmental accounting standards to help ensure the reported information's accuracy and propriety. As a result, the District's annual financial report contained misstatements and errors that required correction. For example, deferred outflows related to pensions, pension expenses, accrued payroll, and net position amounts were not accurately reported.

Effect: Without a detailed review, the District's annual financial report could misstate amounts reported, omit important and required information, or contain other misstatements and errors. The District adjusted its financial statements, note disclosures, and required supplementary information, and other financial schedules to report the correct amounts and other required information.

Cause: The District lacked comprehensive written policies and procedures needed to accurately prepare and perform a thorough review of its annual financial report.

Auditors' Recommendations: To help ensure that the District's annual financial report, including its financial statements, note disclosures, required supplementary information, and other financial schedules are accurate and prepared in accordance with GAAP, the District should develop and follow comprehensive written policies and procedures for compiling and presenting financial data within its annual financial report. The policies and procedures should include detailed instructions for compiling data from the District's accounting system and for obtaining information not readily available from the accounting system but necessary for financial statement preparation. The policies and procedures should require an employee, knowledgeable of GAAP and who did not prepare the annual financial report to perform a detailed review of it. The reviewer should make sure that the amounts are accurate and properly supported and the annual financial report is presented in accordance with GAAP.

The District's responsible officials' views and planned corrective action are in its corrective action plan included at the end of this report.

This finding is similar to prior-year finding 2016-01.

**Mohave County Community College District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017**

Section III-Federal Award Findings

None Reported

District Section

**Mohave County Community College District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2017**

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number	Program expenditures
National Science Foundation 47.076	Education and Human Resources				\$ 31,424
Small Business Administration					
59.037	Small Business Development Centers		Maricopa County Community College District	SBAHQ-15-B-0040, SBAHQ-16-B-0051	75,589
Department of Education					
84.002	Adult Education - Basic Grants to States		Arizona Department of Education	16FAEAEF-612271- 16B, 16FAEABE-612271- 16B	124,810
84.007	Federal Supplemental Education Opportunity Grants	Student Financial Assistance Cluster			128,256
84.033	Federal Work-Study Program	Student Financial Assistance Cluster			91,751
84.063	Federal Pell Grant Program	Student Financial Assistance Cluster			5,662,112
84.268	Federal Direct Student Loans	Student Financial Assistance Cluster			3,588,780
	<i>Total Student Financial Assistance Cluster</i>				<u>9,470,899</u>
84.048	Career and Technical Education - Basic Grants to States		Arizona Department of Education	15FCTDBG-512271- 20A, 16FCTDBG-612271- 20A	205,767
	Total Department of Education				<u>9,801,476</u>
	Total expenditure of federal awards				<u>\$ 9,908,489</u>

See accompanying notes to schedule.

Mohave County Community College District
Notes to schedule of expenditures of federal awards
Year ended June 30, 2017

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Mohave County Community College District for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Note 2 - Summary of significant accounting policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 3 - Catalog of Federal Domestic Assistance (CFDA) numbers

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2017 *Catalog of Federal Domestic Assistance*.

Note 4 - Indirect cost rate

The District did not elect to use the 10 percent de minimis indirect cost rate as covered in 2 CFR §200.414.

Corrective Action Plan

March 12, 2018

Snyder & Butler, CPAs, PLLC
3933 S. McClintock Dr. Ste 505
Tempe, AZ 85282

Dear Sirs:

We have prepared the accompanying corrective action plan as required by the standards applicable to financial audits contained in Government Auditing Standards and by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Specifically, for each finding we are providing you with our responsible officials' views, the names of the contact people responsible for corrective action, the corrective action planned, and the anticipated completion date.

Sincerely,

Sonni Marbury
Chief Financial Officer

**Mohave County
Community College
District Office**
1971 Jagerson Ave.
Kingman, AZ 86409

Bullhead City Campus
3400 Highway 95
Bullhead City, AZ 86442

Lake Havasu City Campus
1977 Acoma Blvd. West
Lake Havasu City, AZ 86403

Neal Campus - Kingman
1971 Jagerson Ave.
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North Mohave Campus
480 S. Central
Colorado City, AZ 86021

www.mohave.edu
1.866.664.2832

Mohave County Community College District Corrective Action Plan Year ended June 30, 2017

Financial Statement Findings 2017

2017-01 The District should have policies and procedures to help ensure that its annual financial report is accurately compiled and prepared in accordance with U.S. generally accepted accounting principles (GAAP)

Sonni Marbury, Chief Financial Officer
Anticipated completion date: May 31, 2018

The District accepts this finding. The District will implement recommendations of further training for employees in financial reporting responsibilities, GAAP and GASB regulations and will use a reviewer not involved in the financial statement preparation. The District will request that additional internal resources are allocated in order to prioritize the preparation of the financial statements. The District will also formalize a documented process for financial statement preparation.

This finding is similar to prior-year findings 2016-01 and 2015-01.

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March 12, 2018

Snyder & Butler, CPAs, PLLC
3933 S. McClintock Dr. Ste 505
Tempe, AZ 85282

Dear Sirs:

We have prepared the accompanying summary schedule of prior audit findings as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Specifically, we are reporting the status of audit findings included in the prior audit's schedule of findings and questioned costs. This schedule also includes the status of audit findings reported in the prior audit's summary schedule of prior audit findings that were not corrected.

Sincerely,

Sonni Marbury
Chief Financial Officer

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Mohave County Community College District Corrective Action Plan Year ended June 30, 2017

Financial Statement Findings 2016

2016-01 The District should establish procedures to accurately record and report financial information

Sonni Marbury, Chief Financial Officer
Status: Partial Corrected
Anticipated completion date: May 31, 2018

The District is working to establish procedures to correct this finding as well as looking into internal resources needed for overall preparation and review of the financial reports.

This finding is similar to prior-year finding 2015-01.

2016-02 The District should improve access controls over its information technology resources

Mark Van Pelt, Chief Information Officer
Status: Corrected

2016-03 The District should improve its risk-assessment process to include information technology security

Mark Van Pelt, Chief Information Officer
Status: Corrected

2016-04 The District should improve its contingency-planning procedures for its information technology resources

Mark Van Pelt, Chief Information Officer
Status: Corrected

2016-05 The District should improve its configuration management processes over its information technology resources

Mark Van Pelt, Chief Information Officer
Status: Corrected

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**Mohave County Community College District
Corrective Action Plan
Year ended June 30, 2017**

2016-06 The District should improve security over its information resources

Mark Van Pelt, Chief Information Officer
Status: Corrected

2016-07 The District should improve its payroll policies and procedures

Jennie Dixon, Chief Human Resources Officer
Status: Corrected

Financial Statement Findings 2015

2015-01 The District should establish procedures to accurately record and report financial information

Status: Partially corrected
Anticipated completion date: May 31, 2018

2015-02 The District should improve access controls over its information technology resources

Status: Corrected

2015-03 The District should improve its disaster recovery plan and data backup procedures for its information technology resources

Status: Corrected

2015-04 The District should improve its information technology change management processes

Status: Corrected

2015-05 The District should improve security over its information resources

Status: Corrected

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