



**MOHAVE COUNTY COMMUNITY
COLLEGE DISTRICT**

SINGLE AUDIT

Year Ended June 30, 2011

MOSS-ADAMS_{LLP}

Certified Public Accountants | Business Consultants

Acumen. Agility. Answers.

TABLE OF CONTENTS

MOHAVE COUNTY COMMUNITY COLLEGE DISTRICT

Report of Independent Auditor 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	1
Schedule of Expenditures of Federal Awards	5
Summary Schedule of Prior Year Findings.....	7
Schedule of Findings and Questioned Costs	
Summary of Auditors' Results.....	8
Financial Statement Findings	9
Federal Award Findings and Questioned Costs.....	10

Reports Issued Separately

Comprehensive Annual Financial Report

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*.

**Report of Independent Auditor 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**

To the Governing Board of
Mohave County Community College District, Kingman, Arizona
and
Auditor General of the State of Arizona

Compliance

We have audited the compliance of Mohave 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 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 auditors' 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 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 on the District's compliance with those requirements.

To the Governing Board of
Mohave County Community College District, Kingman, Arizona
and
Auditor General of the State of Arizona

In our opinion, Mohave County Community College District complied, in all material respects, with the 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 which is described in the accompanying schedule of findings and questioned costs as item 11-01.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with 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 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.

To the Governing Board of
Mohave County Community College District, Kingman, Arizona
and
Auditor General of the State of Arizona

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 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.

Schedule of Expenditures of Federal Awards

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, 2011, and have issued our report thereon dated November 15, 2011. 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.

Mohave County Community College District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Mohave County Community College District's responses, and accordingly, we express no opinion on them.

To the Governing Board of
Mohave County Community College District, Kingman, Arizona
and
Auditor General of the State of Arizona

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, 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.

Mess Adams LLP

Albuquerque, New Mexico
November 15, 2011

**MOHAVE COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011**

Federal Grantor Pass-Through Grantor Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
Office of Library Services, Institute of Museum & Library Services Passed through the Arizona Library, Archives and Public Records Oral History of Southwest Mohave County	45.310	251 04 01	\$ 14,430
U.S. National Science Foundation Collaborative Research: Motivated Engineering Transfers STEM Talent Expansion Program (METSTEP)	47.076	N/A	7,540
U.S. Small Business Administration Passed through Maricopa County Community College District Small Business Development Center (7/1 12/31/10) Small Business Development Center (1/1 6/30/11)	59.037 59.037	0 603001 Z 0003 18 1 603001 Z 0003 19	43,307 32,790 <u>76,097</u>
U.S. Department of Education Student Financial Assistance Cluster Federal Supplemental Educational Opportunity Grants Federal Work Study Program Federal Pell Grant Program Academic Competitiveness Grant Federal Direct Student Loans Total Student Financial Assistance Cluster	84.007 84.033 84.063 84.375 84.268		94,328 185,457 13,096,560 7,125 <u>11,384,414</u> <u>24,767,884</u>
Title III Improving Student Success: High Risk, Low Income, First Generation Students	84.031A	P031A090013	474,120
Passed through the Arizona Department of Education Adult Education State Grant Program Adult Education State Grant Program	84.002 84.002	11FAEABE 170556 02A 11FAEAEF 170556 03A	158,312 28,868 <u>187,180</u>
Vocational Education Basic Grants to States (7/1 9/30/10) Vocational Education Basic Grants to States (7/1/10 6/30/11)	84.048 84.048	10FCTDBG 070556 05A 11FCTDBG 170556 01A	28,434 223,047 <u>251,481</u>
Passed through the Arizona Commission for Postsecondary Education Leveraging Educational Assistance Partnership	84.069	11864	7,868
Passed through the Arizona Governor's Office ARRA State Fiscal Stabilization Fund Education Grants, State Recovery Act	84.394A	N/A	<u>10,789</u>
Total Expenditures of Federal Awards			<u>\$ 25,797,389</u>

See accompanying notes to schedule

**MOHAVE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011**

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Mohave 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 the 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 *2011 Catalog of Federal Domestic Assistance*.

Note 3 - Loans Outstanding

The expenditures reported on the Schedule of Expenditures of Federal Awards for the Federal Direct Student Loans (CFDA number 84.268) consisted of \$11,384,414 in new loans processed by the College during the year ended June 30, 2011.

Note 4 - Subrecipients

The District did not provide federal awards to subrecipients during the year ended June 30, 2011.

**MOHAVE COUNTY COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
June 30, 2011**

Finding 2010-01. Corrected

**MOHAVE COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2011**

Section I. Summary of Auditors' Results

Basic Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes ___X___ No
- Significant deficiencies identified? _____ Yes ___X___ None reported

Noncompliance material to financial statements noted? _____ Yes ___X___ No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____ Yes ___X___ No
- Significant deficiencies identified? _____ Yes ___X___ None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ___X___ Yes _____ No

Identification of Major Programs

Program	CFDA Number
Student Financial Assistance Cluster	Various

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

Auditee qualified as low-risk auditee? _____ Yes ___X___ No

**MOHAVE COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2011**

Section II. Financial Statement Findings

None reported

**MOHAVE COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2011**

SECTION III. Federal Award Findings and Questioned Costs

11-01 Student Financial Assistance – Refunds to Title IV (Non-Compliance)

Federal program information:

Funding agency: U.S. Department of Education
Title: Student Financial Assistance Cluster
CFDA Number: Various

CONDITION

During our test work of the Student Financial Assistance Cluster, we determined that the total semester days were not calculated correctly. An extra day was included in the total number of days off during each semester, resulting in both overstatements and understatements of students' refunds. A subsequent full file review by the College resulted in a total misstatement of \$2,294. It was also noted that 2 of the 25 students tested had late refunds.

CRITERIA

Per 34 CFR section 668.22(e)(2), the amount of earned Title IV grant or loan assistance is calculated by determining the percentage of Title IV grant or loan assistance that has been earned by the student and applying that percentage to the total amount of Title IV grant or loan assistance that was or could have been disbursed to the student for the payment period or period of enrollment as of the student's withdrawal date. A student earns 100 percent if his or her withdrawal date is after the completion of more than 60 percent of (1) the calendar days in the payment period or (2) period of enrollment for a program measured in credit hours.

Additionally, per 34 CFR section 668.22(f), the percentage of the payment period completed or period of enrollment completed is determined in the case of a program that is measured in credit hours by dividing the total number of calendar days in the payment period or period of enrollment into the number of calendar days completed in that period as of the student's withdrawal date. The total number of calendar days in a payment or enrollment period includes all days within the period, except that

**MOHAVE COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2011**

SECTION III. Federal Award Findings and Questioned Costs (Continued)

11-01 Student Financial Assistance – Refunds to Title IV (Significant Deficiency/Non-Compliance) (Continued)

institutionally scheduled breaks of at least 5 consecutive calendar days and days in which the student was on an approved leave of absence are excluded from the total number of calendar days in a payment period or period of enrollment and the number of calendar days completed in that period.

Also, per 34 CFR section 668.22(j), an institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the: (1) payment period or period of enrollment, (2) academic year in which the student withdrew, or (3) educational program from which the student withdrew.

Lastly, per 34 CFR section 668.173(b), returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to ED or the appropriate FFEL lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew.

QUESTIONED COSTS

\$2,294

EFFECT

Improper calculation of days for scheduled breaks could result in incorrect refunding of federal funds. Also, failure to identify unofficial withdrawals could result in underpayment of required refunds to the Department of Education.

CAUSE

The number of days off used in the refunds calculations for both Fall and Spring semester were incorrect as an extra day was entered for each. Additionally, the two late payments were caused by human error in the payment process.

**MOHAVE COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2011**

SECTION III. Federal Award Findings and Questioned Costs (Continued)

11-01 Student Financial Assistance - Refunds to Title IV (Significant Deficiency/Non-Compliance) (Continued)

RECOMMENDATION

We recommend that the College ensures that the refund review process is designed to capture errors in the inclusion and/or exclusion of days, and in the payment processing procedures.

MANAGEMENT RESPONSE

The college concurs that the number of days used to calculate the Thanksgiving break in the fall semester was incorrect and the break should not have been used in the calculation. The college also concurs that an extra day was used in calculating the Spring Break. The Department now understands the Federal interpretation. Going forward, other staff members will be brought into the process of setting up the calculation to ensure it is accurate.

All the R2T4's for fall and spring semesters have been recalculated and the appropriate adjustments made. Students have been notified of the adjustments to their accounts. Spread sheets showing individual recalculations have been provided to the auditors.

There was one student tested for whom no R2T4 had been calculated. The student was on the spread sheet but had been overlooked when the R2T4's were completed. The R2T4 has been completed, funds returned and the student notified. This was a clerical error as established controls are in place so that this should not have happened.

There was one student tested for whom the R2T4 had been completed on time, the adjustment was made in PowerFAIDS, but the adjustment failed to process to the Bursar or Jenzabar EX. This was an isolated incident as evidenced by the complete redo of all R2T4's. The College has identified the step in the process where this occurred and will monitor it should there be a repetition.