

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
SINGLE AUDIT COMPLIANCE REPORTS
YEAR ENDED JUNE 30, 2012

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2012**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

ISSUED SEPARATELY

OMB REPORTING PACKAGE

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	1
INDEPENDENT AUDITORS' 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	3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	6
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	8



CliftonLarsonAllen

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

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

Auditor General of the State of Arizona
Governing Board of Yavapai County Community College District
Prescott, Arizona

We have audited the financial statements of the business-type activities and discretely presented component unit of Yavapai County Community College District (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 19, 2012. Our report 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 Yavapai College Foundation, the discretely presented component unit, as described in our report on the District's financial statements. The financial statements of the Yavapai College Foundation were not audited in accordance with *Government Auditing Standards*. The Yavapai 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

The District's management 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.

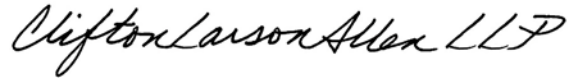
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of 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 the 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 test 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, 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.



CliftonLarsonAllen LLP

Mesa, Arizona
November 19, 2012



CliftonLarsonAllen

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

**INDEPENDENT AUDITORS' 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**

Auditor General of the State of Arizona
Governing Board of Yavapai County Community College District
Prescott, Arizona

COMPLIANCE

We have audited the Yavapai County Community College District's (the District) 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 the District's major federal programs for the year ended June 30, 2012. 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.

In our opinion, Yavapai County Community College 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, 2012.

INTERNAL CONTROL OVER COMPLIANCE

The District's management 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 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.

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.

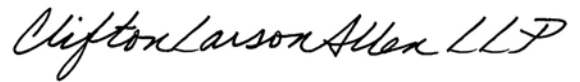
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did 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 the discretely presented component unit of Yavapai County Community College District as of and for the year ended June 30, 2012, and have issued our report thereon dated November 19, 2012, that contained an unqualified opinion on those financial statements. Our report was modified to include 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 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Mesa, Arizona
November 19, 2012

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

<u>Federal Grantor/pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
Child and Adult Care Food Program	10.558		\$ 24,516
U.S. Small Business Administration			
Passed through the Maricopa County Community College District			
Small Business Development Center	59.037	0-7620-0003-08	114,609
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants	84.007		74,955
Federal Direct Loan Program	84.268		5,200,930
Federal Work-Study Program	84.033		105,307
Federal Perkins Loan Program-Federal Capital Contributions	84.038		346,463
Federal Pell Grant Program	84.063		9,718,555
Total Student Financial Assistance Cluster			15,446,210
TRIO Cluster			
TRIO-Student Support Services	84.042		381,289
TRIO-Talent Search	84.044		286,875
TRIO-Upward Bound	84.047		249,703
TRIO-YC CCAMPIS Project	84.335A		21,019
Total TRIO Cluster			938,886
Passed through the Arizona Commission for Postsecondary Education			
Leveraging Educational Assistance Partnership	84.069	None	36,957
Passed through the Arizona Department of Education			
Adult Education-State Grant Program	84.002	12FAEAABE-670620-01A	264,387
Vocational Education-Basic Grants to States	84.048	None	113,369
Passed through the Arizona Governor's Office of State Fiscal Stabilization Fund Cluster			
ARRA - STEM Education Engineering Pathways Program	84.397	<u>OER-11-CON-GS-42</u>	198,511
Total U.S. Department of Education			613,224
U.S. Department of Health and Human Services			
Passed through the Arizona Department of Economic Security			
Child Care and Development Block Grant	93.575	E5402501	89,586
Total Expenditures of Federal Awards			\$ 17,227,031

See accompanying Independent Auditors' Report and Notes to Schedule of Expenditures of Federal Awards

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

NOTE 1 BASIS OF PRESENTATION

The purpose of the schedule of expenditures of federal awards (the Schedule) is to present a summary of those activities of Yavapai County Community College District that have been financed by the United States Government.

The Schedule 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*.

NOTE 2 LOANS OUTSTANDING

The expenditures reported on the Schedule of Expenditures of Federal Awards included loan balances outstanding at June 30, 2012 of \$346,463 for the Federal Perkins Loan Program – Federal Capital Contributions, CFDA number 84.038.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Yavapai County Community College District.
2. No significant deficiencies or material weaknesses were identified during the audit of the financial statements of Yavapai County Community College District.
3. No instances of material noncompliance were identified during the audit of the financial statements of Yavapai County Community College District.
4. There were no significant deficiencies or material weaknesses identified during the audit of the major federal award programs of Yavapai County Community College District.
5. The auditors' report on compliance for the major federal award programs for Yavapai County Community College District expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for Yavapai County Community College District.
7. The programs tested as major programs include:

<u>Program</u>	<u>CFDA No.</u>
Student Financial Assistance Cluster	Various
ARRA - State Fiscal Stabilization Fund Cluster	84.397

8. The threshold for distinguishing type A and B programs was \$300,000.
9. Yavapai County Community College District was not determined to be a low-risk auditee.

B. FINANCIAL STATEMENT FINDINGS

Current Year:

None reported

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2012

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

Current Year Findings:

None

Prior Year Findings:

11-1:

CFDA Number, Title and Award Number:

SFA Cluster

Grantor:

U.S. Department of Education

Award Period:

July 1, 2010 to June 30, 2011

Condition:

Two of 19 students tested did not have verification procedures performed correctly. One student's verification procedures were not performed and one student's verification procedures were performed incorrectly.

Criteria:

The College is responsible for performing verification procedures correctly.

Questioned Costs:

\$32

Possible Asserted Effect:

The College is not in compliance with the Department of Education requirements.

Recommendation:

We recommend the College evaluate its procedures and policies around verification to ensure that students are being properly verified.

Status:

The issue was corrected.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2012**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT
(CONTINUED)**

Prior Year Findings (Continued):

11-2:

CFDA Number, Title and Award Number:

SFA Cluster

Grantor:

U.S. Department of Education

Award Period:

July 1, 2010 to June 30, 2011

Condition:

Four of 40 students tested had R2T4 calculations incorrectly performed due to not properly calculating the number of calendar days in each semester.

Criteria:

Based on Department of Education guidelines, R2T4 calculations must be performed in accordance with the *Student Financial Aid Handbook*.

Questioned Costs:

\$5.64

Possible Asserted Effect:

Incorrect refunds of Federal aid and noncompliance with the Department of Education requirements.

Recommendation:

We recommend the College carefully perform the R2T4 calculations in accordance with the *Student Financial Aid Handbook* and verify the number of calendar days in each semester.

Status:

The issue was corrected.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2012**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT
(CONTINUED)**

Prior Year Findings (Continued):

11-3:

CFDA Number, Title and Award Number:

SFA Cluster

Grantor:

U.S. Department of Education

Award Period:

July 1, 2010 to June 30, 2011

Condition:

Four of 40 students' changes were not accurately and timely reported to NSLDS.

Criteria:

Based on Department of Education guidelines, students' enrollment status must be updated on the NSLDS website within sixty days of the change.

Questioned Costs:

None

Possible Asserted Effect:

Student Financial Aid Cluster compliance requirements are not being met.

Recommendation:

We recommend the College evaluate its procedures around updating the NSLDS with enrollment changes to ensure that updates are performed accurately and timely.

Status:

The issue was corrected.