

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
SINGLE AUDIT COMPLIANCE REPORTS
YEAR ENDED JUNE 30, 2013

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
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YEAR ENDED JUNE 30, 2013**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

ISSUED SEPARATELY

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**INDEPENDENT AUDITORS' 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 the Yavapai County Community College District (the District) as of and for the year ended June 30, 2013, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 10, 2013. Our report includes a reference to the other auditors who 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. We conducted our audit in accordance with the 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. However, the financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance associated with the discretely presented component unit.

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 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 entity's 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's 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 test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Clifton Larson Allen LLP".

Phoenix, Arizona
December 10, 2013

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 OMB CIRCULAR A-133

Auditor General of the State of Arizona

Governing Board of Yavapai County Community College District
Prescott, Arizona

Report on Compliance for Each Major Federal Program

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, 2013. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' 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 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 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 Program

In our opinion, Yavapai 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 each of its major federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2013-001 through 2013-003. Our opinion on each major federal program is not modified with respect to these matters.

The District's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance, accordingly, we express no opinion on them.

Report on Internal Control Over Compliance

Management of the District 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 the 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 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. 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2013-001 through 2013-003 that we consider to be significant deficiencies.

The District's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

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 result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the business-type activities and discretely presented component unit of the Yavapai County Community College District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 10, 2013, which contained an unmodified 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 opinions on the financial statements that collectively comprise the 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 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 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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Phoenix, Arizona
December 10, 2013

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013**

<u>Federal Grantor/pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture			
Child and Adult Care Food Program	10.558		\$ 25,416
Passed through the Arizona Department of Agriculture			
Workforce Training for Arizona's Wine Industry	10.170	SCBGP-FB12-34	30,128
Total Department of Agriculture			<u>55,544</u>
U.S. Small Business Administration			
Passed through the Maricopa County Community College District			
Small Business Development Center	59.037	2-603001-Z-0003A	121,715
Total Small Business Administration			<u>121,715</u>
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants	84.007		99,472
Federal Direct Student Loans (Direct Loan)	84.268		7,234,708
Federal Work-Study Program	84.033		121,855
Federal Perkins Loan Program	84.038		328,132
Federal Pell Grant Program	84.063		10,449,069
Total Student Financial Assistance Cluster			<u>18,233,236</u>
TRIO Cluster			
TRIO-Student Support Services	84.042		421,117
TRIO-Talent Search	84.044		249,722
TRIO-Upward Bound	84.047		196,084
Total TRIO Cluster			<u>866,923</u>
Child Care Access Means Parents in School (CCAMPIS)	84.335A		36,879
Passed through the Arizona Commission for Postsecondary Education			
Leveraging Educational Assistance Partnership	84.069	None	32,889
Passed through the Arizona Department of Education			
Adult Education-State Grant Program	84.002	13FAECCP-370620-0SA	310,765
Vocational Education-Basic Grants to States	84.048	None	208,905
Total U.S. Department of Education			<u>19,689,597</u>
U.S. Department of Health and Human Services			
Passed through the Arizona Department of Economic Security			
Child Care and Development Block Grant	93.575	ADES12-026247	90,184
Total U.S. Department of Health and Human Services			<u>90,184</u>
U.S. Department of Labor			
Passed through the Estrella Mountain Community College			
Trade Adjustment Assistance Community College and Career Training	17.245	TC-23759-12-60-A-4	574,613
Total U.S. Department of Labor			<u>574,613</u>
National Science Foundation			
Agriscience Technician Training for Viticulture in the Desert Southwest	47.076		129,555
Total National Science Foundation			<u>129,555</u>
National Foundation of the Arts and Humanities			
Passed through the Arizona Humanities Council			
Hassayampa Institute: The Literary Southwest	45.129	GG04-5724-2012	10,000
Total National Foundation of the Arts and Humanities			<u>10,000</u>
Total Expenditures of Federal Awards			<u><u>\$20,671,208</u></u>

*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, 2013**

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, 2013 of \$328,132 for the Federal Perkins Loan Program, CFDA number 84.038.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified not considered to be material weakness? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major program:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified not considered to be material weakness? X yes _____ none reported

Type of auditor's report issued on compliance for major program: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? X yes _____ no

Identification of major program:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
Various	Student Financial Aid Cluster
Various	TRIO Cluster
84.002	Adult Education
17.245	Trade Adjustment Assistance
	Community College and Career Training

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

Auditee qualified as low-risk auditee? X yes _____ No

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

B. FINANCIAL STATEMENT FINDINGS

Current Year:

None reported

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

Current Year Findings:

2013-001:

U.S. Department of Education

SFA Cluster

CFDA Number: 84.007, 84.268, 84.033, 84.038, 84.063

Direct Grant

Award Period: July 1, 2012 through June 30, 2013

Condition/Context:

One of 40 students tested had R2T4 calculations incorrectly performed due the use of an incorrect withdrawal date in the calculation.

Criteria:

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

Questioned Costs:

None

Possible Asserted Effect:

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

Cause:

Management oversight.

Recommendation:

We recommend the College carefully perform the R2T4 calculations in accordance with the *Student Financial Aid Handbook* and verify the student's withdrawal date.

Corrective Action Plan:

This finding is a result of a clerical/data input error. Recalculations have been done and the correct amounts have been returned to the Department of Education. Controls are in place to prevent this from happening in the future.

Contact Person:

Terri Eckel, Director of Financial Aid

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

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

2013-002:

U.S. Department of Education

SFA Cluster

CFDA Number: 84.007, 84.268, 84.033, 84.038, 84.063

Direct Grant

Award Period: July 1, 2012 through June 30, 2013

Condition/Context:

Two of 25 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 change.

Questioned Costs:

None

Possible Asserted Effect:

Student Financial Aid Cluster compliance requirements are not being met.

Cause:

Management oversight.

Recommendation:

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

Corrective Action Plan:

The Financial Aid staff and Registrar have evaluated these instances of late reporting and have addressed this issue by ensuring that enrollment reporting will be sent to the National Student Clearinghouse (NSC) on a more timely basis so as to avoid this from happening in the future.

Contact Person:

Terri Eckel, Director of Financial Aid

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013**

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

2013-003:

U.S. Department of Education

SFA Cluster

CFDA Number: 84.007, 84.268, 84.033, 84.038, 84.063

Direct Grant

Award Period: July 1, 2012 through June 30, 2013

Condition/Context:

One student tested had unclaimed funds resulting from Federal Financial Aid that was not returned to the Department of Education within 240 days.

Criteria:

Based on Department of Education guidelines, unclaimed or undeliverable funds must be returned to the Department of Education within 240 days.

Questioned Costs:

None

Possible Asserted Effect:

Unclaimed funds were not returned and noncompliance with the Department of Education requirements.

Cause:

Management oversight.

Recommendation:

We recommend the College reviews the outstanding check list and determine which outstanding checks resulted from Federal Financial Aid, so these unclaimed funds can be returned to the Department of Education within 240 days.

Corrective Action Plan:

This unclaimed federal financial aid amount has been returned to the Department of Education. The Business Office and Financial Aid staff have evaluated whether there are other outstanding unclaimed refunds for FY 2012-13 and have taken appropriate action. Financial Aid and Business Office staff have collaborated and controls have been put in place to insure that unclaimed refunds are returned to the Department of Education well within the regulated time frame of 240 days.

Contact Person:

Terri Eckel, Director of Financial Aid

Prior Year Findings:

None