

Mohave County Community College District
Single Audit Reporting Package
June 30, 2019

 **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, 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, 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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 31, 2020.

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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items **2019-001** and **2019-002** that we consider to be material weaknesses.

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 responses to the findings identified in our audit are presented in its corrective action plan at the end of this report. The District is responsible for preparing a corrective action plan to address each finding. The District's responses and corrective action plan were not subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

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.

Smsola + Butler, CPAs, PLLC

Tempe, Arizona
March 22, 2020

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, 2019. 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, 2019.

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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated January 31, 2020, that contained unmodified opinions on those financial statements. 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 22, 2020

**Mohave County Community College District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

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)? No

**Mohave County Community College District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Section II-Financial Statement Findings

Item 2019-001: Mohave College Foundation (Component Unit)- Segregation of Accounting Duties

Criteria: To help ensure the accuracy of financial records and to help reduce the risk of misappropriation of assets, duties should be segregated whereby the individual with custody of assets should not be the same individual responsible for recordkeeping of those assets.

Condition: Due to the limited size of the accounting staff, incompatible duties were not completely segregated during the year.

Effect: Concentration of duties in a limited number of personnel could create control situations where misappropriation of assets may occur and not be detected on a timely basis.

Recommendation: Management should be constantly mindful that the concentration of duties in a limited number of personnel could create control situations that would allow personnel to misappropriate assets. The Foundation should implement policies where incompatible duties are segregated and individuals independent of the processes cross-checks these incompatible functions.

Item 2019-002: Mohave College Foundation (Component Unit)- Donor Restriction Reconciliations

Criteria: Contributions received from donors with specific restrictions as to use should be sufficiently tracked to help ensure that these funds are used only for the intended purpose and to ensure that amounts remaining can be determined.

Condition: Due to staff turnover at the Foundation, the subsidiary schedules used to identify and track assets held in the endowment and other assets with donor restrictions were not properly reconciled.

Effect: Material adjusting entries were necessary to properly state the endowment and other assets with donor restrictions.

Recommendation: Policies and procedures should be implemented that requires the subsidiary schedules and underlying accounting records are updated regularly to ensure that all funds are used in accordance with the donor intent and to ensure that the financial statements are accurately presented.

**Mohave County Community College District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Section III-Federal Award Findings

None Reported

District Section

**Mohave County Community College District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2019**

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				\$ 12,227
Small Business Administration					
59.037	Small Business Development Centers		Maricopa County Community College District	SBAHQ-18-B-0042, SBAHQ-19-B-0026	71,424
Department of Education					
84.002	Adult Education - Basic Grants to States		Arizona Department of Education	19FAEAEF-912271-01A, 19FAEABE-912271-01A, 19FAEIET-912271-01A	350,807
84.007	Federal Supplemental Education Opportunity Grants	Student Financial Assistance Cluster			128,290
84.033	Federal Work-Study Program	Student Financial Assistance Cluster			122,961
84.063	Federal Pell Grant Program	Student Financial Assistance Cluster			6,067,877
84.268	Federal Direct Student Loans	Assistance Cluster			3,107,157
	<i>Total Student Financial Assistance Cluster</i>				<u>9,426,285</u>
84.048	Career and Technical Education - Basic Grants to States		Arizona Department of Education	19CTDBG-912271-20A	309,439
Total Department of Education					<u>10,086,531</u>
Total expenditures of federal awards					<u>\$ 10,170,182</u>

See accompanying notes to schedule.

Mohave County Community College District
Notes to schedule of expenditures of federal awards
Year ended June 30, 2019

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, 2019. 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 2019 Catalog of Federal Domestic Assistance, as well as SAM.Gov and Grants.gov websites.

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 22, 2020

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 audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards for findings for year ended June 30, 2019. For each finding, we are providing you with the names of the contact people responsible for the corrective action plan 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.
Kingman, AZ 86409

North Mohave Campus
480 S. Central
Colorado City, AZ 86021

Mohave County Community College District Corrective Action Plan Year ended June 30, 2019

Financial Statement Findings 2019

Item 2019-001

Mohave College Foundation (Component Unit) - Segregation of Accounting Duties

The Mohave College Foundation management should have policies and procedures to help ensure that the concentration of duties are segregated and independent of the processes to enable cross-check of all functions.

Shawn Bristle, Chief Advancement Officer
Anticipated completion date: March 30, 2020

The District accepts this finding. The District and Mohave College Foundation will implement recommendations of further training for employees in financial reporting responsibilities, GAAP and GASB regulations. The District may request that additional internal resources be allocated in order to segregate and limit the concentration of duties.

Item 2019-002:

Mohave College Foundation (Component Unit)- Donor Restriction Reconciliations

The Mohave College Foundation management should have policies and procedures to help ensure that implemented processes are in place that requires the subsidiary schedules and underlying accounting records to be updated regularly to ensure that all funds are used in accordance with the donor intent and to ensure that the financial statements are accurately presented.

Shawn Bristle, Chief Advancement Officer
Anticipated completion date: March 30, 2020

The District accepts this finding. The District and Mohave College Foundation will implement recommendations of further training for employees in financial reporting responsibilities, GAAP and GASB regulations. The District may request that additional internal resources be allocated in order to prioritize the preparation and timeliness of the updated schedules.

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