

**Yavapai County Community College District  
(Yavapai College)**

**Single Audit Reporting Package**

**June 30, 2003**

**Yavapai County Community College District  
(Yavapai College)  
Single Audit Reporting Package  
June 30, 2003**

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Issued separately

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## **Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

The Auditor General of the State of Arizona

Members of the Arizona State Legislature

The Governing Board of  
Yavapai County Community College District

We have audited the basic financial statements of Yavapai County Community College District as of and for the year ended June 30, 2003, and have issued our report thereon dated October 27, 2003. 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.

### **Compliance**

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 grants, noncompliance with which could have a direct and material effect on the determination of basic 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 that are required to be reported under *Government Auditing Standards*.

### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on internal control over financial reporting. However, we noted a certain matter involving internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the basic financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item **03-1**.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control over financial reporting would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

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, federal awarding agencies, and pass-through entities and it is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

*Miller, Allen & Co., P.C.*

October 27, 2003

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## Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

The Auditor General of the State of Arizona

Members of the Arizona State Legislature

The Governing Board of  
Yavapai County Community College District

### Compliance

We have audited the compliance of Yavapai County Community College District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The District's major federal programs are identified in the Summary of Auditor's 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 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 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 requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

### 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 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.

Our consideration of internal control over compliance would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance and its operation that we consider to be material weaknesses.

### **Schedule of Expenditures of Federal Awards**

We have audited the District's basic financial statements as of and for the year ended June 30, 2003, and have issued our report thereon dated October 27, 2003. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. 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.

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, 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. However, this report is a matter of public record, and its distribution is not limited.

*Miller, Allen & Co., P.C.*

October 27, 2003

Yavapai County Community College District  
(Yavapai College)  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2003

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
<b>U.S. Department of Commerce</b>			
Grants for Public Works and Economic Development Facilities	11.300		\$ 395,550
<b>U.S. Department of Justice</b>			
Passed through the Arizona Governor's Community Policy Office Part E - State Challenge Activities	16.549	AD000299-002/Y3	58,063
<b>National Science Foundation</b>			
Education and Human Resources	47.076		160,154
<b>U.S. Small Business Administration</b>			
Passed through the Maricopa County Community College District Small Business Development Center	59.037	0-7620-0003-08	115,755
<b>U.S. Department of Education</b>			
Student Financial Assistance Cluster			
Federal Supplemental Education Opportunity Grants	84.007		72,171
Federal Family Education Loans	84.032		996,360
Federal Work-Study Program	84.033		91,244
Federal Perkins Loan Program - Federal Capital Contributions	84.038		493,367
Federal Pell Grant Program	84.063		2,687,409
TRIO Cluster			
TRIO - Student Support Services	84.042		347,298
TRIO - Talent Search	84.044		266,937
TRIO - Upward Bound	84.047		219,599
Passed through the Arizona Commission for Postsecondary Education			
Leveraging Educational Assistance Partnership	84.069	None	33,645
Passed through the Arizona Department of Education			
Adult Education - State Grant Program	84.002	03FAEABE-170620-01A	125,000
Vocational Education - Basic Grants to States	84.048	None	105,570
Passed through the Prescott Unified School District			
Even Start - State Educational Agencies	84.213	03FAEEVS-370036-07A	10,223
Child Care Access Means Parents in School	84.335		8,059
Total U.S. Department of Education			5,456,882
<b>U.S. Department of Health and Human Services</b>			
Centers for Disease Control and Prevention-			
Investigations and Technical Assistance	93.283		127,538
Passed through the Arizona Department of Economic Security			
Child Care and Development Block Grant	93.575	E5400307	156,268
Total U.S. Department of Health and Human Services			283,806
Total Expenditures of Federal Awards			\$ 6,470,210

See accompanying notes to schedule.

**Yavapai County Community College District  
(Yavapai College)  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2003**

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Yavapai 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 this 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 2003 *Catalog of Federal Domestic Assistance*.

**Note 3 - Loans Outstanding**

The expenditures reported on the Schedule of Expenditures of Federal Awards for the Federal Perkins Loan Program – Federal Capital Contributions (CFDA number 84.038) included loan balances outstanding at June 30, 2003, of \$479,131.

**Yavapai County Community College District  
(Yavapai College)  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2003**

**Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:		<b>Unqualified</b>	
		<u>YES</u>	<u>NO</u>
Material weakness identified in internal control over financial reporting?	___		<u>X</u>
Reportable condition identified not considered to be a material weakness?	<u>X</u>		___
Noncompliance material to the financial statements noted?	___		<u>X</u>

**Federal Awards**

Material weakness identified in internal control over major programs?	___	<u>X</u>	
Reportable condition identified not considered to be a material weakness?	___	<u>X</u>	(None reported)

Type of auditor's report issued on compliance for major programs:		<b>Unqualified</b>	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510[a])?	___		<u>X</u>

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
11.300	Grants for Public Works and Economic Development Facilities
Student Financial Assistance Cluster	
84.007	Federal Supplemental Educational Opportunity Grants
84.032	Federal Family Education Loans
84.033	Federal Work-Study Program
84.038	Federal Perkins Loan Program – Federal Capital Contributions
84.063	Federal Pell Grant Program
TRIO Cluster	
84.042	TRIO – Student Support Services
84.044	TRIO – Talent Search
84.047	TRIO – Upward Bound

Dollar threshold used to distinguish between Type A and Type B programs:		\$300,000	
Auditee qualified as low-risk auditee?	<u>X</u>		___

**Other Matters**

Auditee's summary schedule of prior audit findings required to be reported in accordance with Circular A-133 (section .315[b])?	<u>X</u>		___
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**Yavapai County Community College District  
(Yavapai College)  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2003**

**Financial Statement Findings**

***Item: 03 - 1***

*Subject:* Segregation of Duties

*Condition:* The same individual who receives tuition payments for the Elderhostel program also has primary recordkeeping responsibilities for the program.

*Recommendation:* To help prevent the misappropriation of assets, controls should be implemented that require someone independent of the recordkeeping function to receive tuition payments for the Elderhostel program.

## **District Responses**

**Yavapai County Community College District  
(Yavapai College)  
Corrective Action Plan  
Year Ended June 30, 2003**

**Financial Statement Findings**

***Item: 03 – 1***

*Subject:* Segregation of Duties.

*Name of Contact Person:* Bob Lynch

*Anticipated Completion Date:* January 1, 2004

*Corrective Action:* On November 21, 2003, the District entered into an authorization agreement for direct deposit (ACH credits) of program revenues and general vendor payments with Elderhostel, Incorporated. Effective January 1, 2004, all vendor payments due the District will be deposited directly into our bank account, correcting this reportable condition.

**Yavapai County Community College District  
(Yavapai College)  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2003**

**Status of Federal Award Findings and Questioned Costs**

*CFDA Numbers:* 84.033; 84.042; 84.044; and 84.047

*Programs:* Federal Work-Study Program; TRIO Cluster – Student Support Services; Talent Search; and Upward Bound

*Finding Number:* 02-2, 01-4

*Status:* Corrected