

**COCHISE COUNTY
COMMUNITY COLLEGE DISTRICT
(COCHISE COLLEGE)**

**SINGLE AUDIT REPORTING PACKAGE
FOR THE YEAR ENDED JUNE 30, 2010**

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
SINGLE AUDIT REPORTING PACKAGE
FOR THE YEAR ENDED JUNE 30, 2010**

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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
Cochise County Community College District

We have audited the financial statements of the business-type activities and discretely presented component unit (Foundation) of Cochise County Community College District (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 1, 2010. Our report on the financial statements 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 Foundation, the discretely presented component unit, as described in our report on the District's financial statements. The financial statements of the Foundation were not audited by the other auditors in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors' testing of internal control over financial reporting that is reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Cochise County Community College 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 Cochise County Community College 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 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.

Our consideration of the 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 Cochise County Community College 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 tests 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 and 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. However, this report is a matter of public record, and its distribution is not limited.

William Dobridge, CPA PC

December 1, 2010



**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***

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

Compliance

We have audited Cochise County Community College District's 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 its major federal programs for the year ended June 30, 2010. 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 - Federal Awards. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program 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 of the District's compliance with those requirements.

In our opinion, the 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, 2010. 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 that is described in the accompanying Schedule of Findings and Questioned Costs as item 10-01.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the 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 a 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 the 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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as item 10-1. 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.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the business-type activities and discretely presented component unit of Cochise County Community College District as of and for the year ended June 30, 2010, and have issued our report thereon dated December 1, 2010. Our report on the financial statements was modified to include a reference to our reliance on other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Cochise County Community College 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.

Cochise County Community College District's response to the finding identified in our audit is presented on page 10. We did not audit the District's response and, accordingly, we express no opinion on it.

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

William Dobridge, CPA PC

December 1, 2010

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number (Note 2)</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures and Transfers</u>	<u>Amounts Provided to Subrecipients</u>
<u>U.S. Department of Labor</u>				
Indirect:				
Arizona Department of Education:				
WIA Adult Program	17.258	10FAEIBA-070536-13A	\$ 1,966	
Incentive Grants-WIA Section 503	17.267	10FAEAEI-070536-08A	67,101	
Cochise Private Industry Council:				
H-1B Job Training Grants	17.268	WIRED	<u>12,414</u>	
Total U.S. Department of Labor			<u>81,481</u>	
<u>National Science Foundation</u>				
Direct:				
Education and Human Resources	47.076			6,824
Indirect:				
Arizona Board of Regents:				
Engineering Grants	47.041	09-183	<u>4,599</u>	
Total National Science Foundation			<u>11,423</u>	
<u>U.S. Small Business Administration</u>				
Direct:				
Entrepreneurial Education and Development	59.000			14,886
Indirect:				
Maricopa County Community College District:				
Small Business Development Centers	59.037	9-603001-Z0003-17 0-603001-Z-0003-18	<u>89,947</u>	
Total U.S. Small Business Administration			<u>104,833</u>	
<u>U.S. Department of Education</u>				
Direct:				
Student Financial Assistance Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007			56,313
Federal Family Education Loans	84.032			2,266,626
Federal Work Study Program	84.033			97,764
Federal Pell Grant Program	84.063			7,163,534
Federal Direct Student Loans	84.268			3,007
Academic Competitiveness Grants	84.375			<u>60,797</u>
Total Student Financial Assistance Cluster				<u>9,648,041</u>
TRIO-Student Support Services	84.042			281,231

(Continued)

See notes accompanying schedule.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010
(Concluded)**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number (Note 2)</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures and Transfers</u>	<u>Amounts Provided to Subrecipients</u>
Indirect:				
Arizona Department of Corrections:				
Grants to States for Workplace and Community Transition Training for Incarcerated Individuals	84.331	1000007DC-Transition	\$ 11,609	
Arizona Board of Regents:				
Teacher Quality Partnership Grants	84.336	IGA-08-937	6,500	
Arizona Department of Education:				
		10FAEABE-070536-07A 10FAEAEF-070536-05A 10FAEADL-070536-06A 10FAEACF-070536-10A	466,756	
Adult Education-Basic Grants to States	84.002			
Career and Technical Education- Basic Grants to States	84.048	09FCTDBG-970536-02A 10FCTDBG-070536-02A	207,586	
Byrd Honors Scholarships	84.185	None	1,500	
Even Start- State Grant Program	84.213	10FECEVS-070536-12A 09FCTDTP-970536-01A 10FCTDTP-070536-01A	77,789	
Tech-Prep Education	84.243		105,954	\$ 17,103
Arizona Commission for Postsecondary Education:				
Leveraging Education Assistance Partnership	84.069	None	9,368	
College Access Challenge Grant Program	84.378	None	2,000	
State of Arizona:				
ARRA - State Fiscal Stabilization Fund-Education State Grants Recovery Act	84.394	None	<u>797,659</u>	
Total U.S. Department of Education			<u>11,615,993</u>	<u>17,103</u>
Total Expenditures of Federal Awards			<u>\$ 11,813,730</u>	<u>\$ 17,103</u>

See notes accompanying schedule.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR YEAR ENDED JUNE 30, 2010**

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards represents amounts expended from Federal programs during the fiscal year ended June 30, 2010, as determined based on the accrual basis of accounting. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the District's accounting records from which the basic financial statements have been reported. The information presented 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 - CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2010 *Catalog of Federal Domestic Assistance*.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR YEAR ENDED JUNE 30, 2010**

SUMMARY OF AUDITORS' RESULTS

As required by United States Office of Management and Budget *Circular A-133*, Section .505, the following is a summary of the results of the audit of Cochise County Community College District for the fiscal year ended June 30, 2010.

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	None Reported
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None Reported
Noncompliance material to financial statements noted?	None Reported

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	None Reported
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	Yes
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510[a]).	Yes

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Student Financial Assistance Cluster:	
84.007	Federal Supplemental Educational Opportunity Grants
84.032	Federal Family Education Loans
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.375	Academic Competitiveness Grants
84.002	Adult Education-Basic Grants to State
84.394	ARRA-State Fiscal Stabilization Fund-Education State Grants Recovery Act

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 354,412
Auditee qualified as low-risk auditee?	Yes

Other Matters:

Auditee's Summary Schedule of Prior Audit Findings required to be reported in accordance with OMB Circular A-133 (section .315[b])?	Yes
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**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR YEAR ENDED JUNE 30, 2010**

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding Number	10-01
CFDA Number	84.032
Program Title	Federal Family Education Loans (FFEL)
Compliance Requirement	Special Tests and Provisions - Exit Counseling
Finding Type	Noncompliance
Questioned Costs	N/A
Finding	Graduating students with Federal Family Education Loans were not provided with exit counseling within 30 days after graduation as required by federal regulations.
Criteria	<p>34 CFR 682.604(g)(1), <i>Exit Counseling</i> A school must conduct exit counseling with each Stafford loan borrower either in person, by audiovisual presentation, or by interactive electronic means. In each case, the school must conduct this counseling shortly before the student borrower ceases at least half-time study at the school. If a student borrower withdraws from school without the school's prior knowledge or fails to complete an exit counseling session as required, the school must provide exit counseling through either interactive electronic means or by mailing written counseling materials to the student borrower at the student borrower's last known address within 30 days after learning that the student borrower has withdrawn from school or failed to complete the exit counseling as required.</p>
Condition	5 of 5 students tested with FFEL's were not provided with exit counseling within 30 days of graduating. We noted that 2 of the 5 students tested returned the next semester on at least a half-time basis.
Cause	The District's procedures provided that exit counseling for graduating students with FFEL's was not done until after add/drop of the next semester.
Effect	When exit counseling information is not provided, FFEL student loan borrowers may not be fully aware of their loan repayment obligations, and lenders and guarantors may not be timely provided with important personal and contact information, which could lead to an increased default rate for the District.
Recommendation	We recommend that the District provide exit counseling to all graduating students with FFEL's within 30 days of graduation.

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR YEAR ENDED JUNE 30, 2010**

Finding Number	10-01
CFDA Number	84.032
Program Title	Federal Family Education Loans (FFEL)
Implementation Date:	November 15, 2010
District's Response:	The District recently created a program that will run on the 15th of each month to generate letters to those students that have graduated within the past 30 days. These letters will be accompanied by the U.S. Department of Education brochure on exit interviews and will provide our graduates with information on how to access and complete the online exit interview process. The use of this program will keep the District current with the mailing of exit conference information packets. These efforts will ensure that all students meeting the criteria for mandatory exit interviews will be sent a packet to participate.
District Contact	Kevin S. Butler, Vice-President for Administration

**COCHISE COUNTY COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR YEAR ENDED JUNE 30, 2010**

Status of Federal Award Findings and Questioned Costs

Prior Year Finding No. 09-01

CFDA Number 84.063

Program Title Student Financial Aid Cluster
Federal Pell Grant Program

Status: Corrected
The District implemented a control process that requires instructors to enter the last date of attendance for "W" and "F" grades.

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