ARIZONA
AuditorGeneral
Making a Positive Difference

Annual Financial and Single Audit
Report Highlights
Year Ended June 30, 2019

Graham County Community College District
(Eastern Arizona College)

CONCLUSION: Based on our audit, we issued opinions on the District's financial statements and federal expenditure schedule concluding that the information in those statements and schedule is reliable. We also issued reports over the District's internal control and compliance over financial reporting and select federal programs, which identified internal control weaknesses and instances of noncompliance over financial reporting and federal awards that are explained on the next page.

District overview

District provides post-secondary education in Eastern Arizona—According to the District, in fiscal year 2019, the District provided post-secondary education to over 4,000 students. In addition to the main campus in Thatcher, the District delivers education courses at 7 other locations throughout Graham and Greenlee Counties, which encompass a 6,467-square-mile area. Also, the District offers dual-enrollment courses to high school students, online classes, and noncredit classes through its community education program.

District responsible for accurate financial report—The District is responsible for accurately preparing its Annual Financial Report (Report), maintaining effective internal controls, and being accountable for its use of public monies. Select financial information from the District's Report is presented below. However, the District's Report should be read to fully understand its overall financial picture. Our Financial Report User Guide for Colleges and Universities will help readers identify and understand important and useful information in the District's financial statements.

District financial information

Asset, liability, and net position balances on June 30, 2019

Total assets/deferred outflows = $71.0 million

Select asset balances:

$35.0 M	Capital assets
29.5	Cash and investments
2.9	Receivables

Total liabilities/deferred inflows = $37.1 million

Select liability balances:

$28.7 M	Noncurrent employee benefits
3.5	Current payables

District's net position   = $33.9 million

None of this net position is unrestricted

Revenues and expenses during fiscal year 2019

Total revenues = $44.7 million

Select revenue sources:

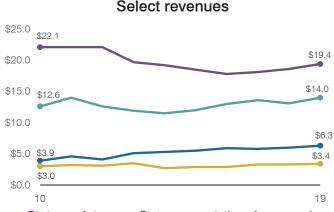|	
$19.4 M	State assistance
14.0	Government grants and contracts
6.3	Property taxes
3.4	Tuition and fees, net of financial assistance

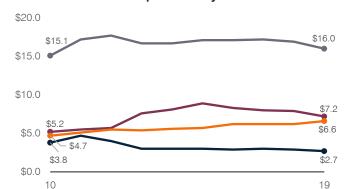**Total expenses = $42.0 million**

Select expenses by function:

$16.0 M	Instruction
7.2	Institutional support
6.6	Student services
2.7	Scholarships

Select revenues and expenses by function
Fiscal years 2010 through 2019
(In millions)

Select revenues

$25.0
$22.1
$20.0
$19.4
$15.0
$12.6
$14.0
$10.0
$6.3
$5.0
$3.9
$3.0
$3.4
$0.0
10   19

- **State assistance**—State appropriations for general operations and maintenance, science/technology and workforce programs, equalization aid, and the District's share of State sales taxes. In fiscal year 2019, 3.7 percent was from the District's share of State sales taxes.
- **Government grants and contracts**—State and federal government grant programs awarded primarily for student financial aid and contracts to provide educational services, including those for Greenlee County and the Gila County Provisional Community College District.
- **Property taxes**—Taxes the District levied on the assessed value of real and personal property within Graham County. The Graham County Treasurer collects the tax revenues and remits them to the District.
- **Tuition and fees, net of financial assistance**— Charges to students for educational services, net of any District student financial assistance revenues that were used to cover the students' tuition and fees.

Select expenses by function

$20.0
$15.1
$16.0
$15.0
$10.0
$5.2
$7.2
$5.0
$4.7
$6.6
$3.8
$2.7
$0.0
10   19

- **Instruction**—Instruction programs for all sessions and online learning, including instruction for general academics, vocational/technical programs, and community education.
- **Institutional support**—District-wide planning and administrative support, including executive management, general and fiscal operations, information technology, and public relations/ development.
- **Student services**—Social and cultural development, career guidance, financial aid administration, admissions, records, and information technology.
- **Scholarships**—Student grants, scholarships, and tuition and fee waivers.

Source: Auditor General staff summary of information obtained from the District's financial statements.

Audit findings and recommendations

Below is a summary of our reports over the District's internal control and compliance over financial reporting and over federal programs that are included in the District's combined Annual Financial and Single Audit Report where there is detailed information on our findings and the District's response. For help in understanding important information presented in this report, please refer to our Internal Control and Compliance Reports User Guide.

Financial reporting internal control | IT security findings and recommendations

We found that the District did not have adequate policies and procedures over IT systems and data to effectively identify and respond to risks and to prevent, detect, and respond to unauthorized or inappropriate access or use, manipulation, damage, or loss, including protecting sensitive student data. To ensure its financial and other sensitive data is protected, the District needs to continue to update and implement policies and procedures over its IT systems and data. We reported similar IT security findings in the prior years.

Federal internal control and compliance | Federal award findings and recommendations

The District spent almost $7.4 million of federal program monies during the fiscal year. We tested 2 federal programs selected under the major program guidelines established by the Single Audit Act, including student financial assistance and undergraduate readiness programs that totaled nearly $6.7 million in federal expenditures. We reported internal control weaknesses and instances of noncompliance over the District's administration of the student financial assistance programs.

Arizona Auditor General | Graham County Community College District (Eastern Arizona College) | Year Ended June 30, 2019

The Auditor General's reports are available at: www.azauditor.gov