

Pinal County Community College District Annual financial statement and compliance audits

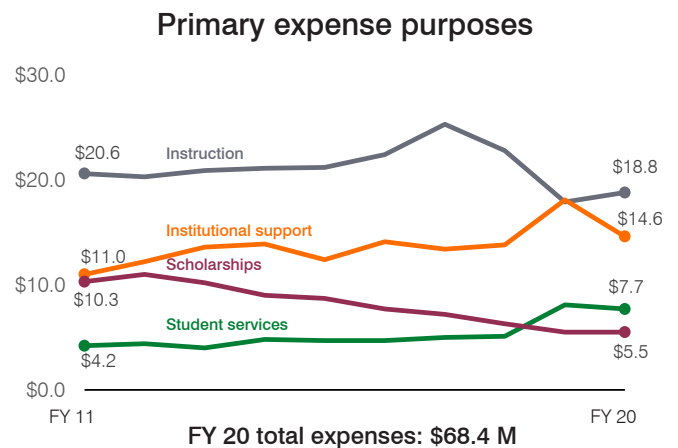
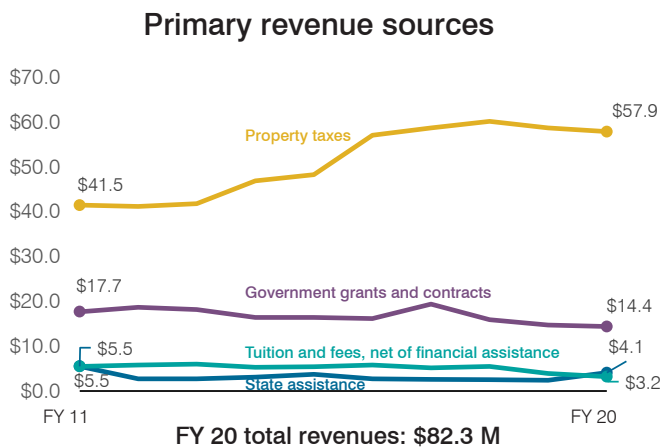
The District's fiscal year 2020 reported financial information is reliable. However, we reported deficiencies and noncompliance over financial reporting and federal programs, summarized on the next page.

Audits' purpose

To express our opinions on the District's financial statements and on compliance with certain federal requirements and, if applicable, to report findings over noncompliance with certain laws and regulations or other financial deficiencies.

Primary revenue sources and how they were spent

Fiscal years (FY) 2011 through 2020
(In millions)



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

Largest primary revenue sources FY 2020

- **Property taxes 70.4%**—Levied and collected from property owners based on the assessed value of real and personal property within Pinal County.
- **Government grants and contracts 17.5%**—Includes State and federal government grant programs awarded primarily for student financial aid and contracts to provide educational services.

Largest primary expense purposes FY 2020

- **Instruction 27.4%**—Costs to provide instruction for all sessions and online learning, including instruction for general academics, vocational/technical programs, and community education.
- **Institutional support 21.3%**—Costs for District-wide planning and administrative support, including executive management, general and fiscal operations, information technology, and public relations/development.

District's net position increased in FY 2020

District revenues were \$13.9 million greater than its expenses, increasing total net position to \$150.8 million at June 30, 2020. Net position includes all assets, such as buildings, vehicles, and cash and investments, less all liabilities, such as unpaid pension and other payroll obligations, long-term debt, and accounts payable. Of the total net position, \$71.2 million is restricted by external parties or is not in spendable form, and the remaining \$79.6 million is unrestricted.

Auditor findings and recommendations

Summarized below are our findings and recommendations included in the District's [Single Audit Report](#) where there is further information and the District's responses.

- The District issued its Annual Financial Report 22 months after fiscal year-end, which is 14 months later than long-term debt covenants require and 13 months later than State law requires. Issuing the Annual Financial Report late affects several areas, including the District also issuing its related Annual Budgeted Expenditure Limitation Report late because it relies on audited information from the Annual Financial Report. The late issuance also resulted in untimely financial information for decision makers and the District losing its credit rating. We recommended that the District allocate sufficient resources to reconcile its accounting system data in a timely manner prior to report preparation, and prepare and issue its required reports in accordance with deadlines. We reported a similar finding in the prior year.
- The District issued its Single Audit Report late, nearly 8 months later than allowed by the COVID-19-related single audit extension of September 30, 2021. Issuing the Single Audit Report late resulted in the federal government, the State, and other grantors of federal awards from having current information to effectively monitor their programs and could delay corrective actions that the District needs to take. In addition, the Arizona Department of Education withheld a portion of the District's State funding. Further, federal and other State grantors may deny future federal awards or subject the District to additional cash-monitoring requirements. We recommended that the District improve its financial reporting processes to ensure it prepares and issues the Single Audit Report in accordance with deadlines. We reported a similar finding in the prior year.
- The District needs to continue to implement policies and procedures to effectively respond to risks and to prevent, detect, and respond to unauthorized or inappropriate access, damage, or loss, to its information technology systems and data, including financial and sensitive student financial aid information. We reported similar findings in the prior year.
- The District should develop and implement procedures over its Student Financial Assistance Cluster of federal programs to verify that student enrollment status changes are accurate and reported in a timely manner to the National Student Loan Data System (NSLDS). Further, the District should implement written policies and procedures to reconcile its Federal Direct Student Loan program cash receipts and disbursements to the Common Origination and Disbursement (COD) system in a timely manner and resolve any discrepancies. We reported similar findings in the prior year.

Auditor General website report links

- The June 30, 2020, Pinal County Community College District Annual Comprehensive Financial Report and Single Audit Report that are summarized in these highlights can be found at this [link](#). These reports should be read to fully understand the District's overall financial picture and our reporting responsibilities.
- The District's reports from prior years are available at this [link](#).
- For help in understanding important information presented in these reports, please refer to our user guides at the following links:
 - [Financial Report User Guide for Colleges and Universities](#).
 - [Internal Control and Compliance Reports User Guide](#).