



REPORT HIGHLIGHTS
FINANCIAL STATEMENT AND
SINGLE AUDITS

Our Conclusion

Cochise County Community College District is responsible for preparing annual financial statements and a schedule of expenditures of federal awards, maintaining effective internal controls, and being accountable for its use of public monies. Our Office is responsible for auditing the District's financial statements, schedule, and major federal programs annually. A summary of the financial statements and schedule of expenditures of federal awards is presented to the right.

Based on our audits, we issued reports that included our opinion on the District's financial statements and its schedule of expenditures of federal awards, and reports on its internal control and compliance over financial reporting and major federal programs. The information in the District's fiscal year 2014 financial statements and schedule of federal awards is reliable. Our reports identified an instance of noncompliance over a major federal program. This finding is summarized on the next page.



2014

Year Ended June 30, 2014

Condensed financial information

Statement of net position—This statement reports all of the District's assets, liabilities, and net position. Net position is reported in three major categories:

- **Net investment in capital assets**—shows the equity in property, buildings, and equipment.
- **Restricted**—shows the resources that must be used for restricted purposes as specified by donors and other external entities, such as the federal government.
- **Unrestricted**—shows the resources available for general operations.

Statement of revenues, expenses, and changes in net position—This statement reports all revenues, expenses, and other changes in net position. Revenues and expenses are reported as either operating or nonoperating. The change in net position indicates whether the District's financial health has improved or deteriorated as a result of current-year activities. During fiscal year 2014, net position increased by \$1.6 million, or 2.9 percent, as compared to an increase of \$1.5 million, or 2.8 percent, in fiscal year 2013.

Schedule of expenditures of federal awards—During fiscal year 2014, the District expended \$9.4 million in federal awards, which consisted primarily of student financial assistance. This included \$7.7 million that was spent as educational and general operating expenses and \$1.7 million in loans disbursed to students. The District's federal award expenditures increased by \$0.6 million, or 6.3 percent, compared to fiscal year 2013.

**Condensed statement of net position
As of June 30, 2014
(In thousands)**

Assets	
Current assets	\$26,894
Noncurrent, other than capital	1,520
Capital assets, net of depreciation	<u>57,357</u>
Total assets	<u>85,771</u>
Liabilities	
Current	4,728
Noncurrent	<u>22,229</u>
Total liabilities	<u>26,957</u>
Net position	
Net investment in capital assets	35,925
Restricted	2,229
Unrestricted	<u>20,660</u>
Total net position	<u>\$58,814</u>

**Condensed statement of revenues,
expenses, and changes in net position
For the year ended June 30, 2014
(In thousands)**

Operating revenues	
Tuition and fees, net of scholarship allowances	\$ 5,452
Other	<u>2,369</u>
Total operating revenues	<u>7,821</u>
Operating expenses	
Educational and general	39,625
Auxiliary enterprises	905
Depreciation	<u>3,432</u>
Total operating expenses	<u>43,962</u>
Operating loss	(36,141)
Nonoperating revenues and expenses	
Property taxes	18,653
State appropriations	10,423
Government grants	8,018
Other nonoperating, net	1,217
Interest expense	<u>(977)</u>
Net nonoperating revenues	<u>37,334</u>
Capital appropriations	450
Increase in net position	1,643
Net position—beginning	<u>57,171</u>
Net position—ending	<u>\$ 58,814</u>

**Condensed schedule of expenditures
of federal awards by grantor agency
For the year ended June 30, 2014
(In thousands)**

Department of Education	\$8,794
Other	<u>564</u>
Total federal expenditures	<u>\$9,358</u>

Summary of audit findings and recommendations

For the financial statement audit, our report on internal control and compliance included no reported deficiencies in the District's internal control over financial reporting. For the federal compliance audit, we tested two federal programs under the major program guidelines established by the Single Audit Act and found that the District did not always have adequate internal controls and did not always comply with federal program requirements for one of its programs. Our Single Audit Report includes a Schedule of Findings and Questioned Costs that contains further details to help the District correct the deficiency summarized below.

Noncompliance with student financial assistance federal program requirements

For the Student Financial Assistance cluster, the District is required to report changes in students' enrollment status to the National Student Loan Data System (NSLDS) within specified time frames. We found that the District did not always report changes in enrollment status to the NSLDS within these time frames. As a result, students may have been awarded larger loans than they were qualified to receive, and loan repayment terms and conditions could have been affected.

Recommendation

To help ensure compliance with federal requirements, the District should develop and implement policies and procedures to help ensure that changes in students' enrollment status reported to the NSLDS are within specified time frames.