



REPORT HIGHLIGHTS SINGLE AUDIT

Subject

Yuma/LaPaz Counties Community College District issues financial statements and a schedule of expenditures of federal awards annually. The District is responsible for preparing its statements and schedule, maintaining strong internal controls, demonstrating accountability for its use of public monies, and complying with federal program requirements. As the auditors, our job is to determine whether the District has met its responsibilities.

Our Conclusion

The information in the District's financial statements is fairly stated in all material respects, and the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to these financial statements. A summary of this information is presented on page 2. However, auditors identified internal control weaknesses and instances of noncompliance with federal program requirements, which are summarized on this page.



2011

Year Ended June 30, 2011

Summary of Audit Findings

For the financial statement audit, auditors found internal control weaknesses over the District's information systems. For the federal compliance audit, auditors tested five federal programs under the guidelines established by the Single Audit Act and noted internal control weaknesses and noncompliance. The District's Single Audit Report contains further details and auditor recommendations. The findings are summarized below.

Financial Statement Findings—

Information System Access, Change, and Recovery Controls—

The District did not always maintain the proper documentation authorizing user access to its information systems, ensure that access granted was appropriate and compatible with employees' job responsibilities, and monitor the activities of employees with unlimited system access. In addition, the District did not have effective controls to ensure that system and program changes were properly documented, authorized, tested, and reviewed and approved prior to implementation, and that responsibilities were adequately separated so that the same individual could not develop changes and put them into use. Finally, the District did not fully test its disaster recovery plan.

Federal Award Findings—

Student Financial Assistance

Cluster—The District did not reconcile the federal grantor's direct loan disbursement records to its records on a monthly basis, as required by the program's special tests and provisions.

Career and Technical Education—Basic Grants to States and Migrant Education—College Assistance Migrant Program—The District did not have formal policies and procedures for certifying or confirming employees' time and effort to support employee compensation charged to federal programs.

Summary of Financial Information

A condensed summary of the District's basic financial statements follows:

Statement of Net Assets—This statement reports all of the District's assets, liabilities, and net assets using the accrual basis of accounting. Net assets, the difference between assets and liabilities, are reported in three major categories:

- Invested in capital assets, net of related debt, shows the equity in land, buildings, and equipment.
- Restricted net assets shows the net resources that must be used for restricted purposes as specified by external parties.
- Unrestricted net assets shows the net resources available for general operations.

Statement of Revenues, Expenses, and Changes in Net Assets—This statement shows how net assets changed during the year. Revenues and expenses are reported as either operating or nonoperating. The change in net assets indicates whether the District's financial health has improved or deteriorated as a result of the current-year operations. The District's net assets increased by \$2.9 million during the fiscal year.

Schedule of Expenditures of Federal Awards—The District reported \$27.4 million in federal awards expended, including \$2.3 million in federal student loan disbursements. During fiscal year 2011, the District received \$312,450 in American Recovery and Reinvestment Act (ARRA) monies from the State of Arizona to provide financial assistance to students and to help offset shortfalls in state funding for higher education, respectively. Overall, the District's federal award expenditures approximated the same amount expended in fiscal year 2010.

Condensed Statement of Net Assets June 30, 2011 (In Thousands)	
Assets:	
Current	\$ 49,354
Noncurrent, other than capital	650
Capital	<u>91,255</u>
Total assets	<u>141,259</u>
Liabilities:	
Current	14,946
Noncurrent	<u>68,415</u>
Total liabilities	<u>83,361</u>
Net Assets:	
Invested in capital assets, net of related debt	24,025
Restricted	7,603
Unrestricted	<u>26,270</u>
Total net assets	<u>\$ 57,898</u>

Condensed Statement of Revenues, Expenses, and Changes in Net Assets Year Ended June 30, 2011 (In Thousands)	
Operating revenues:	
Tuition and fees	\$ 3,986
Other	<u>3,246</u>
Total operating revenues	<u>7,232</u>
Operating expenses:	
Educational and general	53,799
Auxiliary enterprises	4,279
Depreciation	<u>4,639</u>
Total operating expenses	<u>62,717</u>
Operating loss	<u>(55,485)</u>
Nonoperating revenues and expenses:	
Property taxes	27,655
State appropriations	7,751
Grants and contracts	24,716
Other revenue	1,371
Interest expense	<u>(3,150)</u>
Net nonoperating revenues	<u>58,343</u>
Capital grants and gifts	6
Increase in net assets	2,864
Net assets—July 1, 2010	<u>55,034</u>
Net assets—June 30, 2011	<u>\$ 57,898</u>

Condensed Schedule of Expenditures of Federal Awards by Grantor Agency Year Ended June 30, 2011 (In Thousands)	
U.S. Department of Education	\$25,973
U.S. Department of Labor	888
Other	<u>523</u>
Total federal expenditures	<u>\$27,384</u>

TO OBTAIN
MORE INFORMATION

The District's Single Audit Report is available at:
www.azauditor.gov

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Year Ended June 30, 2011