

REPORT HIGHLIGHTS
FINANCIAL STATEMENT AND
SINGLE AUDITS

Our Conclusion

Yuma/La Paz Counties 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 opinions on the District's financial statements and its schedule of expenditures of federal awards and our reports on its internal control and compliance over financial reporting and major federal programs. The information in the District's fiscal year 2013 financial statements and schedule of federal awards is reliable. Our reports identified an internal control deficiency over financial reporting. The finding is summarized on the next page.



2013

Year Ended June 30, 2013

Condensed financial information

Statement of net position—This statement reports all of the District's assets, deferred outflows and inflows of resources, 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. The change in net position indicates whether the District's financial health has improved or deteriorated as a result of the current-year activities. During fiscal year 2013, net position increased by \$453,000, or less than 1 percent, as compared to an increase of \$752,000, or 1 percent, in fiscal year 2012.

Schedule of expenditures of federal awards—During fiscal year 2013, the District expended approximately \$27.3 million in federal awards, which included \$25.2 million that was spent as educational and general operating expenses and \$2.1 million that was disbursed as loans to students. The District's federal award expenditures increased by \$2.5 million, or 10 percent, compared to fiscal year 2012.

**Condensed statement of net position
As of June 30, 2013
(In thousands)**

Assets	
Current assets	\$ 41,350
Noncurrent, other than capital	646
Capital assets, net of depreciation	<u>88,123</u>
Total assets	<u>130,119</u>
Liabilities	
Current	6,887
Noncurrent	<u>64,129</u>
Total liabilities	<u>71,016</u>
Net position	
Net investment in capital assets	23,363
Restricted	10,928
Unrestricted	<u>24,812</u>
Total net position	<u>\$ 59,103</u>

**Condensed statement of revenues,
expenses, and changes in net position
For the year ended June 30, 2013
(In thousands)**

Operating revenues	
Tuition and fees, net of scholarship allowances	\$ 4,130
Other	<u>3,546</u>
Total operating revenues	<u>7,676</u>
Operating expenses	
Educational and general	54,104
Auxiliary enterprises	4,315
Depreciation	<u>4,812</u>
Total expenses	<u>63,231</u>
Operating loss	(55,555)
Nonoperating revenues and expenses	
Property taxes	28,760
State appropriations	2,803
Government grants	26,034
Other	1,373
Interest expense	<u>(2,962)</u>
Net nonoperating revenues	<u>56,008</u>
Increase in net position	453
Net position—beginning	<u>58,650</u>
Net position—ending	<u>\$ 59,103</u>

**Condensed schedule of expenditures
of federal awards by grantor agency
For the year ended June 30, 2013
(In thousands)**

U.S. Department of Education	\$26,369
U.S. Department of Labor	573
Other	<u>402</u>
Total federal expenditures	<u>\$27,344</u>

Summary of audit findings and recommendations

For the financial statement audit, we found an internal control weakness over the District's information systems. For the federal compliance audit, we tested three federal programs under the major program guidelines established by the Single Audit Act and reported no deficiencies in internal control or instances of noncompliance over federal 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.

Inadequate system access controls

The District lacked adequate internal controls over its information systems to ensure that users' access rights were appropriate for their job responsibilities and that the activity of system users with elevated access was monitored. Also, the District assigned its employees system access based on designated security classes; however, the District had not defined the level of access each security class allowed. Therefore, it was not clear what access each employee had been granted. As a result, there was an increased risk of unauthorized use, manipulation, or misuse of financial, sensitive, or confidential information by users whose access was not adequately restricted and monitored.

Recommendation

The District established and was in the process of implementing policies and procedures during the fiscal year to restrict, monitor, and define user access security roles as of June 30, 2013. The District should fully implement its policies and procedures and define its user security classes to help ensure that access is needed and compatible with job responsibilities and the activity of users with elevated access is monitored.