

Santa Cruz County Provisional Community College District

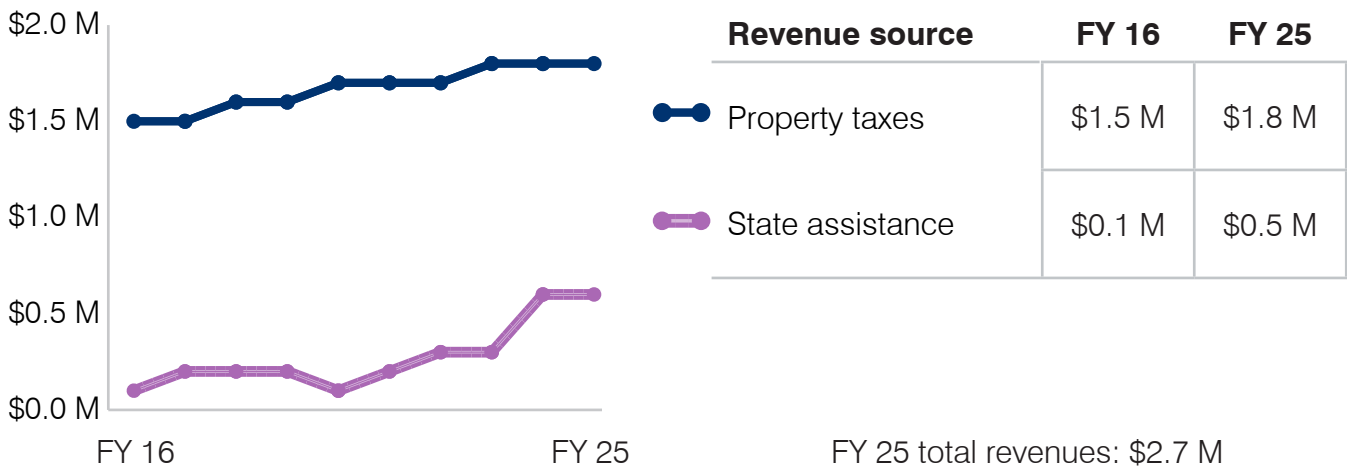
Annual financial statement audit

The District’s fiscal year 2025 reported financial information is reliable. However, we reported deficiencies over financial reporting, summarized on the following pages.

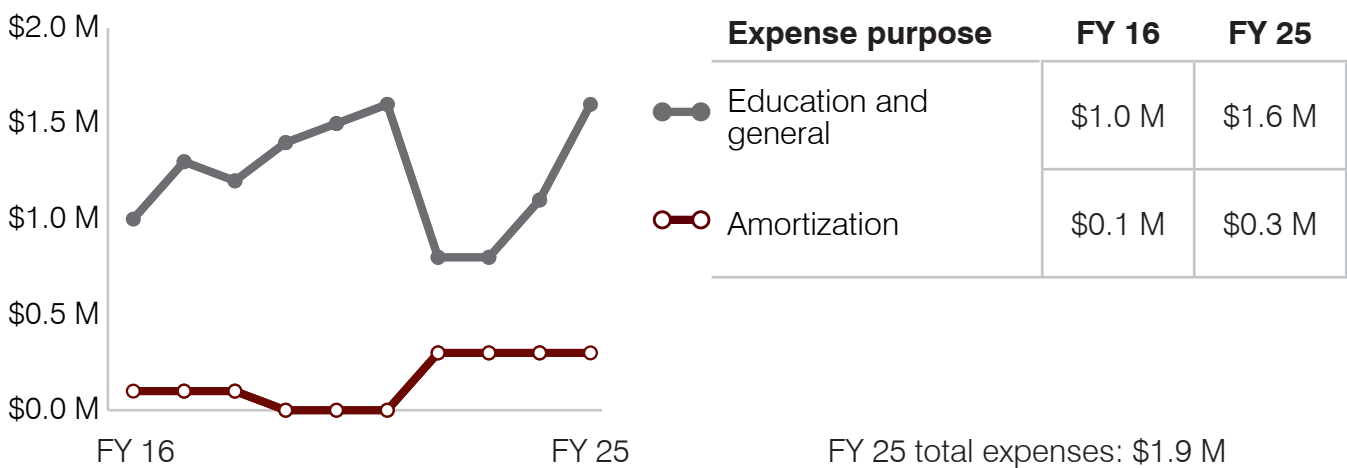
Audit’s purpose

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

Primary revenue sources, in millions (FY 2016 through FY 2025)



Primary expense purposes, in millions (FY 2016 through FY 2025)



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

FY 2025 largest primary revenue sources as a percentage of total revenues

▶ **Property taxes, 66.4%**

Levied and collected from property owners based on the assessed value of real and personal property within Santa Cruz County.

▶ **State assistance, 19.0%**

Includes State appropriations for general operations and maintenance and science/technology and workforce programs, and the District's share of State sales taxes.

FY 2025 largest primary expense purposes as a percentage of total expenses

▶ **Education and general, 83.7%**

Costs for providing educational programs and services to students through intergovernmental agreements with an accredited Arizona community college district and other educational service providers, including general costs for educational program oversight and administration of District operations. Expenses decreased in fiscal year 2022 because of decreased enrollment and reduced payroll costs, including pension expense.

▶ **Amortization, 16.3%**

The cost of capital assets, such as intangible right-to-use lease assets, is allocated over the shorter of the lease term or the useful life of the underlying asset and reported as amortization expense.

District's net position increased in FY 2025

District revenues were \$0.8 million greater than its expenses, increasing total net position to \$7.0 million at June 30, 2025. Net position includes all assets, such as right-to-use lease assets, cash, and receivables, less all liabilities, such as unpaid pension and other payroll obligations, lease obligations, and accounts payable. Of the total net position, (\$0.1) million represents the District's net investment in capital assets, and the remaining \$7.1 million is unrestricted.

Auditor findings and recommendations

Summarized below are the findings and recommendations included in the District's [Report on Internal Control and on Compliance](#) where there is further information and the District's responses.

The District needs to:

- ▶ Follow existing policies to review supporting documentation to ensure that all purchasing card expenditures are for authorized District purposes and review expenditures identified during the audit and request reimbursement for any unallowable purchases. In addition, make it a priority to update the existing policies to require documentation to support the

public purpose, specify penalties, and require periodic training. We found that the District did not ensure that \$666 of public monies its employees spent using purchasing cards were for authorized purchases necessary for official District business, such as food, beverages, and decorations. Further, the District did not require a second employee to review and approve \$1,737 in purchasing card expenditures.

- ▶ Provide accurate and key financial information to auditors by agreed-upon deadlines to ensure timely issuance of its audited Annual Financial Report (AFR). The District needs to develop policies and procedures for preparing its financial statements, associated note disclosures, and supporting schedules accurately and in accordance with U.S. generally accepted accounting principles (GAAP). Further, the District needs to require a detailed review of the draft financial statements to ensure the AFR is accurate, complete, properly supported, and presented in accordance with GAAP and to detect and correct misstatements. We found that the District's draft financial statements contained \$5,053,954 of misstatements and misclassifications, which delayed the issuance of the financial statement audit and increased the risk that those relying on the reported financial information could be misinformed.

Auditor General website report links

- ▶ **June 30, 2025, [Santa Cruz County Provisional Community College District Annual Financial Report and Report on Internal Control and on Compliance.](#)**

These highlights summarize the reports above. The full reports explain the District's overall financial picture and our reporting responsibilities.

- ▶ The [District's reports from prior years.](#)
- ▶ **User guides that help explain the important information presented in these reports:**
 - [Financial Report User Guide for State and Local Governments.](#)
 - [Internal Control and Compliance Reports User Guide.](#)