

Graham County Community College District (Eastern Arizona College)

CONCLUSION: Based on our audit, we issued opinions on the District's financial statements and federal expenditure schedule concluding that the information in those statements and schedule is reliable. We also issued reports over the District's internal control and compliance over financial reporting and select federal programs, which identified internal control weaknesses and an instance of noncompliance over financial reporting and federal awards that we explain on the next page.

District overview

District provides post-secondary education in Eastern Arizona—According to the District, in fiscal year 2018, the District provided post-secondary education to over 4,400 students. It has 1 campus and 5 centers throughout Graham and Greenlee Counties, which encompass a 6,465-square-mile area. Also, the District offers dual-enrollment courses to high school students, online classes, and noncredit classes through its community education program.

District responsible for accurate financial report—The District is responsible for accurately preparing its [Annual Financial Report \(Report\)](#), maintaining effective internal controls, and being accountable for its use of public monies. Select financial information from the District's Report is presented below. However, the District's Report should be read to fully understand its overall financial picture. Our Office's [Financial Report User Guide for Colleges and Universities](#) will help readers identify and understand important and useful information in the District's financial statements.

District financial information

Asset, liability, and net position balances on June 30, 2018

Total assets/deferred outflows = \$70.1 million

Select asset balances:

\$36.2 M Capital assets
 27.3 Cash and investments
 2.7 Receivables

Total liabilities/deferred inflows = \$38.8 million

Select liability balances:

\$32.3 M Noncurrent employee benefits
 3.1 Current payables

District's net position = \$31.3 million

None of this net position is unrestricted

Revenues and expenses during fiscal year 2018¹

Total revenues = \$42.3 million

Select revenue sources:

\$18.6 M State assistance
 13.1 Government grants and contracts
 6.0 Property taxes
 3.3 Tuition and fees, net of financial assistance

Total expenses = \$43.5 million

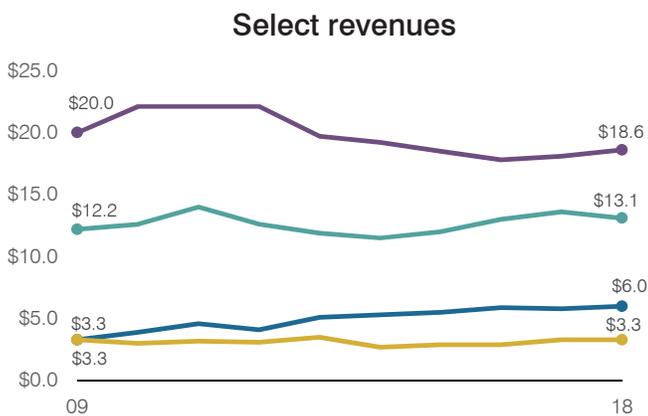
Select expenses by function:

\$16.9 M Instruction
 7.9 Institutional support
 6.2 Student services
 2.9 Scholarships

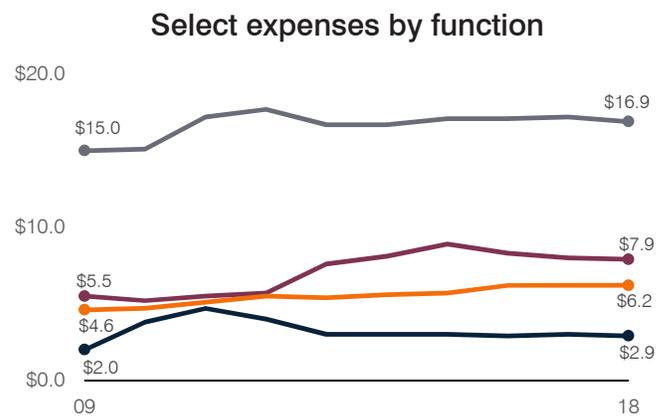
¹ The District's expenses exceeded its revenues by \$1.2 million, or 2.8 percent. This was the result of normal fluctuations in revenues and expenses, and the District's Annual Financial Report contains further information that addresses this outcome in fiscal year 2018.

Select revenues and expenses by function Fiscal years 2009 through 2018

(In millions)



- **State assistance**—State appropriations for general operations and maintenance, workforce programs, and equalization aid and the District's share of State sales taxes. In fiscal year 2018, 80.9 percent was from State equalization aid.
- **Government grants and contracts**—State and federal government grant programs awarded primarily for student financial aid and contracts to provide educational and administrative services for the Gila County Provisional Community College District.
- **Property taxes**—Taxes the District levies on the assessed value of real and personal property within Graham County. The Graham County treasurer collects the tax revenues and remits them to the District.
- **Tuition and fees, net of financial assistance**—Charges to students for educational services, net of any District student financial assistance revenues that were used to cover the students' tuition and fees.



- **Instruction**—Instruction programs for all sessions and online learning, including instruction for general academics, vocational/technical programs, and community education.
- **Institutional support**—District-wide planning and administrative support, including executive management, general and fiscal operations, information technology, and public relations/development.
- **Student services**—Social and cultural development, career guidance, financial aid administration, admissions, records, and information technology.
- **Scholarships**—Student grants, scholarships, and tuition and fee waivers.

Source: Auditor General staff summary of information obtained from the District's Annual Financial Reports.

Audit findings and recommendations

Below is a summary of our reports over the District's internal control and compliance over financial reporting and over federal programs that are included in the District's [Single Audit Report](#) where there is detailed information on our findings and the District's response. For help in understanding important information presented in these reports, please refer to our Office's [Internal Control and Compliance Reports User Guide](#).

Financial reporting internal control

We found that the District did not have adequate policies and procedures over IT systems and data to adequately identify and respond to risks and to prevent, detect, and respond to unauthorized or inappropriate access or use, manipulation, damage, or loss, including protecting sensitive student data. To ensure its financial and other sensitive data is protected, the District needs to continue to update and implement policies and procedures over its IT systems and data. We reported similar IT security findings in the prior year.

IT security findings and recommendations

Federal internal control and compliance

The District spent almost \$7.4 million of federal program monies during the fiscal year. We tested 1 federal program selected under the major program guidelines established by the Single Audit Act—the Student Financial Assistance Program Cluster, which totaled \$5.5 million in federal expenditures. We reported an internal control weakness and instance of noncompliance over the District's administration of the program.

Federal award findings and recommendations