

Santa Cruz County Provisional Community College District (Santa Cruz Community College)

CONCLUSION: Based on our audit, we issued an opinion on the District’s financial statements concluding that the information in those statements is reliable. We also issued a report over the District’s internal control and compliance over financial reporting, which identified an internal control weakness over financial reporting that is explained on the next page.

District overview

District provides post-secondary education in Santa Cruz County—The District was formed in 2010 to provide affordable and accessible post-secondary education to residents of Santa Cruz County, which encompasses approximately 1,250 square miles. The District currently provides education to the equivalent of over 100 full-time students at its Santa Cruz Center educational facility. As a provisional district, it cannot provide degrees, certificates, or diplomas. Therefore, it contracted with Pima County Community College District, an accredited district, for fiscal year 2019 to provide those services.

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 [Financial Report User Guide for State and Local Governments](#) will help readers identify and understand important and useful information in the District’s Report.

District financial information

Asset, liability, and net position balances on June 30, 2019

Total assets/deferred outflows = \$2.7 million

Asset balances:

- \$2.3 M Cash and investments
- 0.3 Receivables
- 0.1 Other

Total liabilities/deferred inflows = \$0.2 million

Liability balance:

- \$0.2 M Current and long-term payables

District’s net position = \$2.5 million

\$2.5 million, or 100 percent, is unrestricted

Revenues and expenses during fiscal year 2019

Total revenues = \$1.9 million

Revenue sources:

- \$1.6 M Property taxes
- 0.2 State assistance
- 0.1 Other

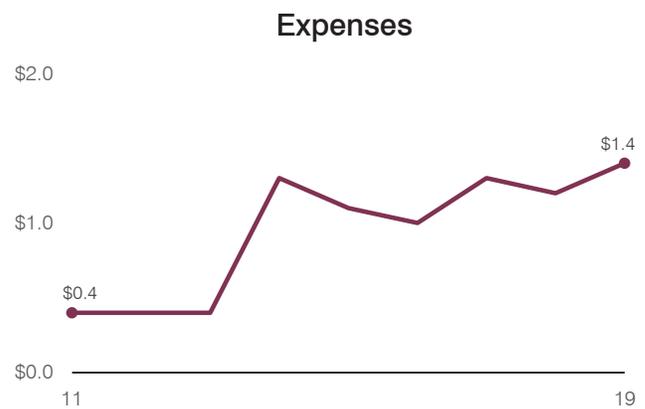
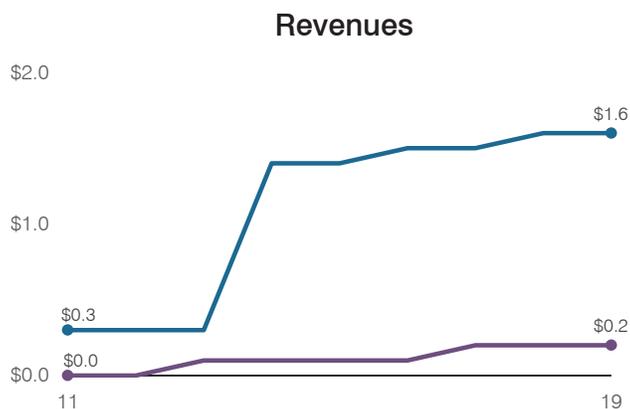
Total expenses = \$1.4 million

Expenses by function:

- \$1.4 M Education and general

Select revenues and expenses by function Fiscal years 2011 through 2019¹

(In millions)



- Property taxes**—Taxes the District levied on the assessed value of real and personal property within Santa Cruz County. The Santa Cruz County Treasurer collects the tax revenues and remits them to the District. For fiscal year 2014, the District approved a property tax rate increase to support significant enrollment growth at the District.
- State assistance**—State appropriations for general operations and maintenance, science/technology and workforce programs, and the District’s share of State sales taxes. In fiscal year 2019, 85.1 percent of State assistance was from State appropriations.
- Education and general**—General operation, oversight, and administration of District operations, including providing educational programs and services to its students through intergovernmental agreements with other accredited districts. Expenses increased in fiscal year 2014 because of significant enrollment growth at the District.

¹ The District began financial operations in fiscal year 2011 when it started receiving property tax revenues and incurring expenses for providing educational services. In fiscal year 2013, the District began receiving State assistance.

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

Audit finding and recommendation

Below is a summary of our report on the District’s internal control and compliance over financial reporting that is included in the District’s combined [Annual Financial Report and Report on Internal Control and on Compliance](#), where there is detailed information on our finding and the District’s response. For help in understanding important information in this report, please refer to our [Internal Control and Compliance Reports User Guide](#).

Financial reporting internal control

Financial finding and recommendations

We found that the District needed improvements in certain controls over its payroll process and reported a finding that included recommendations. To help ensure that it pays only valid District employees at appropriate pay rates and to reduce the risk of fraud, the District should require an independent review and approval of all payroll and pay rate changes by an individual who is not involved in the payroll process.