

REPORT HIGHLIGHTS FINANCIAL STATEMENT AUDIT

Our Conclusion

Santa Cruz County Provisional Community College District is responsible for preparing annual financial statements, maintaining effective internal controls, and being accountable for its use of public monies. Our Office is responsible for auditing the District's financial statements annually. A summary of the financial statements is presented to the right.

Based on our audit, we issued opinions on the District's financial statements and issued a report on its internal control and compliance over financial reporting. The information in the District's fiscal year 2015 financial statements is reliable. Our Office identified an internal control weakness over financial reporting, which is summarized on the next page.

Condensed financial information

Statement of net position—This statement reports all of the District's assets, liabilities, and net position. Net position is reported in two major categories:

- **Net investment in capital assets**—Shows the equity in capital assets.
- **Unrestricted**—Shows the remaining net position balance after allocating the net investment in capital assets balance.

Statement of activities—This statement reports all revenues, expenses, and other changes in net position. Revenues include program revenues—those generated by or dedicated to a specific program—and general revenues, such as taxes raised for general purposes. The change in net position indicates whether the District's financial health has improved or deteriorated as a result of current-year activities. Net position increased by \$419,324, or 190 percent, in fiscal year 2015.

Condensed statement of net position As of June 30, 2015

Assets	
Current assets	\$ 974,712
Capital assets, net of amortization	<u>286,873</u>
Total assets	<u>1,261,585</u>
Liabilities	
Due to other governments	368,589
Other current liabilities	8,949
Noncurrent liabilities	<u>244,417</u>
Total liabilities	<u>621,955</u>
Net position	
Net investment in capital assets	42,456
Unrestricted	<u>597,174</u>
Total net position	<u>\$ 639,630</u>

Condensed statement of activities For the year ended June 30, 2015

Program revenues	
Operating grants and contracts	\$ 2,600
Total program revenues	<u>2,600</u>
General revenues	
Property taxes	1,437,102
State appropriations and share of sales taxes	122,156
Other	<u>11,376</u>
Total general revenues	<u>1,570,634</u>
Total revenues	<u>1,573,234</u>
Expenses	
Educational and general	1,069,694
Amortization	<u>84,216</u>
Total expenses	<u>1,153,910</u>
Change in net position	419,324
Net position—beginning, as restated	<u>220,306</u>
Net position—ending	<u>\$ 639,630</u>



2015

Summary of audit findings and recommendations

For the financial statement audit, we found an internal control weakness over the District's financial statement preparation. Our Report on Internal Control and Compliance includes a Schedule of Findings and Recommendations that contains further details to help the District correct the internal control weakness summarized below.

District should strengthen policies and procedures over its financial statement preparation

The District did not have written policies and procedures over its financial statement preparation process and did not have an adequate process for compiling its financial information to ensure that its financial statements were accurate and complete. Consequently, the District's financial statements and note disclosures contained several misstatements. Specifically, auditors noted that \$286,873 of leasehold improvements and \$244,417 of long-term contracts payable were omitted from the financial statements, as well as the related note disclosures and required supplementary information. The District made the necessary adjustments to correct all significant errors auditors noted, including restating beginning balances.

Recommendation

To help ensure that its financial statements are accurate and complete, the District should develop and implement comprehensive written policies and procedures over financial statement preparation, including detailed instructions for preparing supporting schedules and monitoring financial activity during the year. The District should also dedicate appropriate resources to ensure the responsibilities of financial reporting are adequately assigned and completed.