

Navajo County Community College District (Northland Pioneer 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 over financial reporting and an internal control weakness and instance of noncompliance over federal awards that are explained on the next page.

District overview

District provides post-secondary education in Navajo and Apache Counties—In fiscal year 2019, the District provided post-secondary education to over 3,100 students of which about 80 percent were part-time. It has campuses and centers throughout Navajo and Apache Counties, which encompass an area of 21,158 square miles, and reservations occupy more than 66 percent of the land. The District provides distance learning through technology to serve this size of a geographical region with a diverse population.

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

District financial information

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

Total assets/deferred outflows = \$110.1 million

Select asset balances:

\$65.5 M	Cash and investments
38.3	Capital assets
3.3	Receivables

Total liabilities/deferred inflows = \$22.4 million

Select liability balances:

\$17.0 M	Noncurrent employee benefits
1.6	Current payables

District's net position = \$87.7 million

\$49.1 million, or 56.0 percent, is unrestricted

Revenues and expenses during fiscal year 2019

Total revenues = \$36.0 million

Select revenue sources:

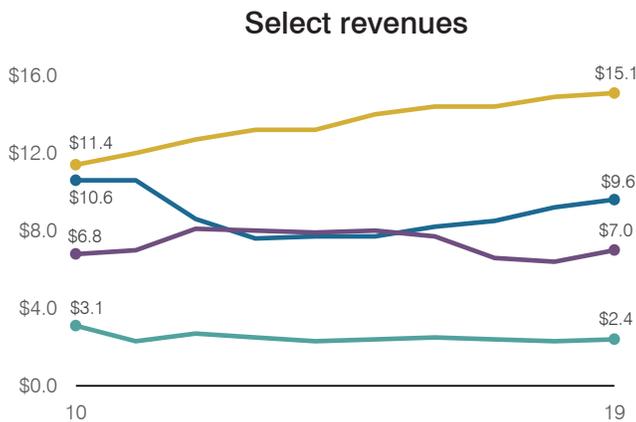
\$15.1 M	Property taxes
9.6	State assistance
7.0	Government grants and contracts
2.4	Tuition and fees, net of financial assistance

Total expenses = \$28.2 million

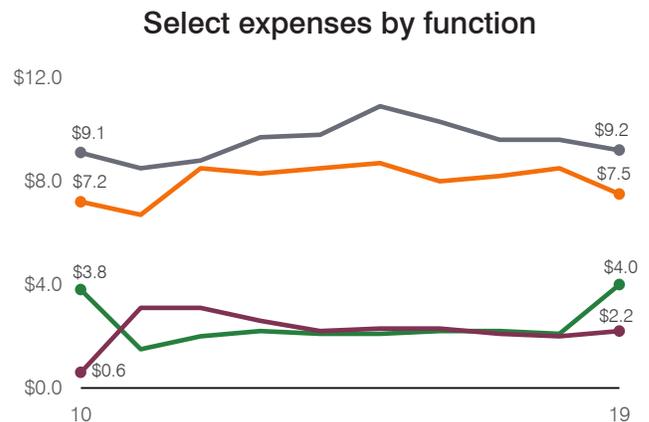
Select expenses by function:

\$9.2 M	Instruction
7.5	Institutional support
4.0	Student services
2.2	Scholarships

Select revenues and expenses by function Fiscal years 2010 through 2019 (In millions)



- **Property taxes**—Taxes levied by the District on the assessed value of real and personal property within Navajo County. The Navajo County Treasurer collects the tax revenues and remits them to the District.
- **State assistance**—State appropriations for general operations and maintenance, science/technology and workforce programs, equalization aid, and the District's share of State sales taxes. In fiscal year 2019, 5.8 percent was from the District's share of State sales taxes.
- **Government grants and contracts**—State and federal government grant programs awarded primarily for student financial aid and contracts to provide educational services.
- **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 financial statements.

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 about our findings and the District's response. For help in understanding important information presented in these reports, please refer to our [Internal Control and Compliance Reports User Guide](#).

Financial reporting internal control

IT security findings and recommendations

We found that the District did not have adequate policies and procedures over IT systems and data to effectively 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.

Federal internal control and compliance

Federal award findings and recommendations

The District spent over \$3.7 million of federal program monies during the fiscal year. Under the major program guidelines established by the Single Audit Act, we tested the Student Financial Assistance Cluster that totaled nearly \$2.4 million in federal expenditures. We reported an internal control weakness and instance of noncompliance because the District had no evidence that it had performed required risk assessments.