

Navajo County Community College District Annual financial statement and compliance audits

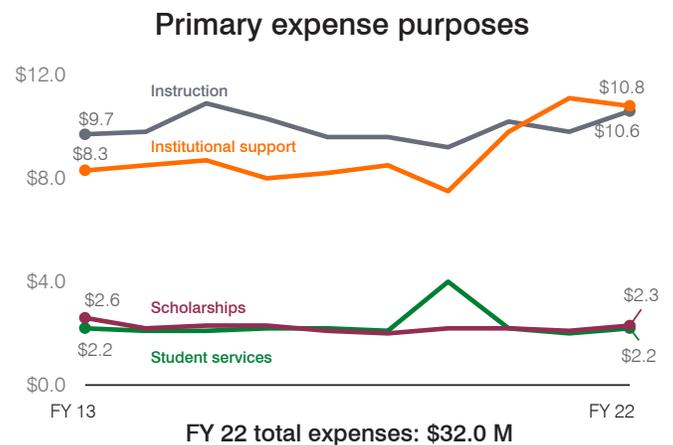
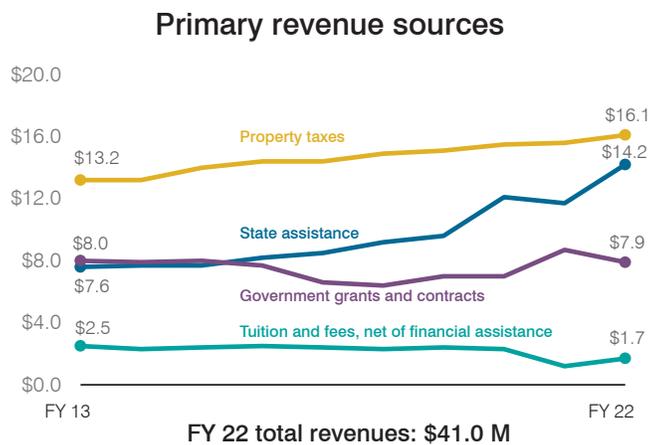
The District's fiscal year 2022 reported financial information is reliable. However, we reported deficiencies and noncompliance over financial reporting and federal programs summarized on the next page.

Audits' purpose

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

Primary revenue sources and how they were spent

Fiscal years (FY) 2013 through 2022
(In millions)



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

Largest primary revenue sources FY 2022

- **Property taxes 39.3%**—Levied and collected from property owners based on the assessed value of real and personal property within Navajo County.
- **State assistance 34.6%**—Includes State appropriations for general operations and maintenance, science/technology and workforce programs, equalization aid, and the District's share of State sales taxes.

Largest primary expense purposes FY 2022

- **Institutional support 33.8%**—Costs for District-wide planning and administrative support, including executive management, general and fiscal operations, information technology, and public relations/development.
- **Instruction 33.1%**—Costs to provide instruction for all sessions and online learning, including instruction for general academics, vocational/technical programs, and community education.

District's net position increased in FY 2022

District revenues were \$9.0 million greater than its expenses, increasing total net position to \$111.7 million at June 30, 2022. Net position includes all assets, such as buildings, vehicles, and cash and investments, less all liabilities, such as unpaid pension and other payroll obligations and accounts payable. Of the total net position, \$42.7 million is restricted by external parties or is not in spendable form, and the remaining \$69.0 million is unrestricted.

Auditor findings and recommendations

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

- Implement policies and procedures to manage, assess, and respond to risks related to its information technology (IT) systems and needs to continue to develop certain processes to effectively protect IT systems and financial and other data, including sensitive student data. We found that processes for managing and documenting risks and restricting access over IT systems and data were not sufficient, which may put the District's operations and IT systems and data at unintended and unnecessary risk of potential harm. We reported similar findings in the prior year.
- Develop and implement written policies and procedures to ensure the District obtains each student's consent prior to applying any emergency financial assistance to the student's outstanding account balance for the COVID-19 Education Stabilization Fund program. We found that for 3 of 30 student awards tested, the District incorrectly applied the grant award to a student's account without obtaining student consent.

Auditor General website report links

- The June 30, 2022, Navajo County Community College District Annual Comprehensive Financial Report, Report on Internal Control and Compliance, and Single Audit Report that are summarized in these highlights can be found at this [link](#). These reports should be read to fully understand the District's overall financial picture and our reporting responsibilities.
- The District's reports from prior years are available at this [link](#).
- For help in understanding important information presented in these reports, please refer to our user guides at the following links:
 - [Financial Report User Guide for Colleges and Universities](#).
 - [Internal Control and Compliance Reports User Guide](#).