

Navajo County Community College District

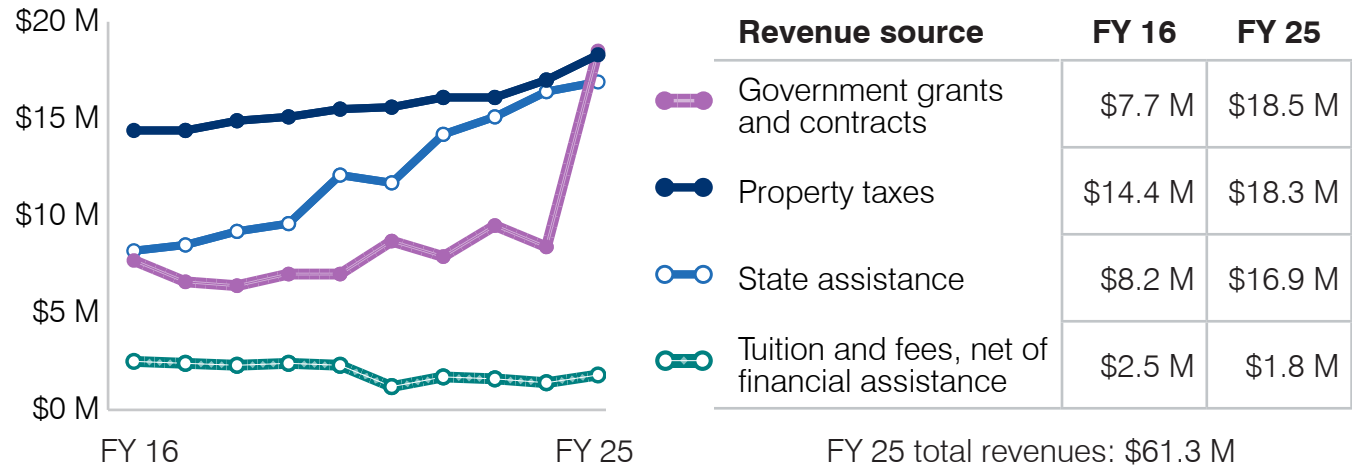
Annual financial statement and compliance audits

The District’s fiscal year 2025 reported financial information is reliable. However, the District’s auditors reported deficiencies and noncompliance over financial reporting and federal programs, summarized on the subsequent pages.¹

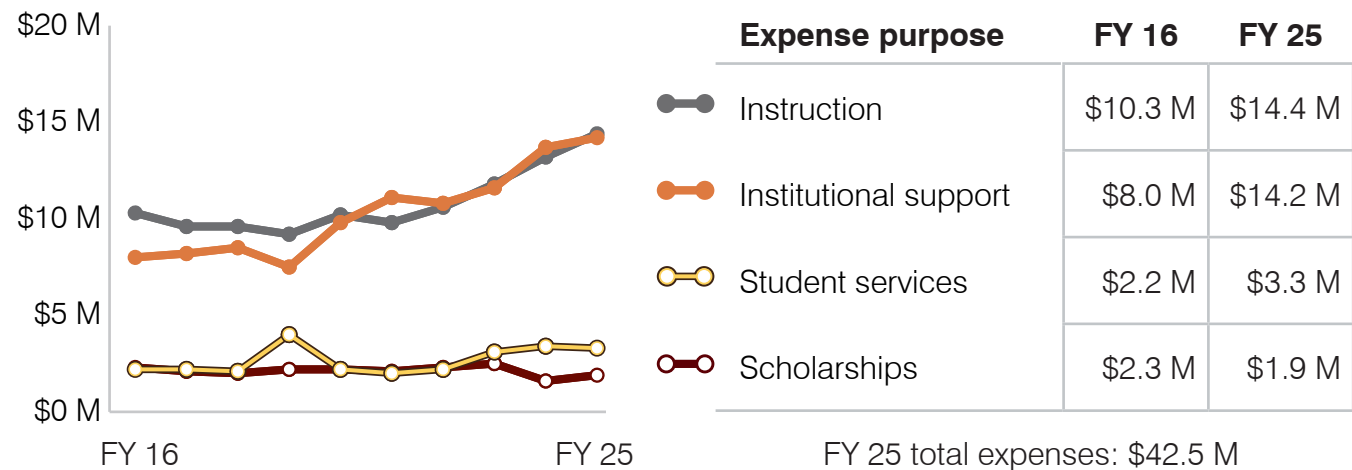
Audits’ purpose

To express 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, in millions (FY 2016 through FY 2025)



Primary expense purposes, in millions (FY 2016 through FY 2025)



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

¹ The certified public accounting firm CliftonLarsonAllen LLP conducted these audits under contract with the Arizona Auditor General in accordance with Arizona Revised Statutes §41-1279.21.

FY 2025 largest primary revenue sources as a percentage of total revenues

▶ **Government grants and contracts, 30.2%**

Includes State and federal government grant programs awarded primarily for student financial aid and contracts to provide educational services. The increase in fiscal year 2025 is attributable to a one-time grant from the Arizona Commerce Authority for building construction in Kayenta.

▶ **Property taxes, 29.9%**

Levied and collected from property owners based on the assessed value of real and personal property within Navajo County.

FY 2025 largest primary expense purposes as a percentage of total expenses

▶ **Instruction, 34.0%**

Costs to provide instruction for all sessions and online learning, including instruction for general academics, vocational/technical programs, and community education.

▶ **Institutional support, 33.3%**

Costs for District-wide planning and administrative support, including executive management, general and fiscal operations, information technology, and public relations/development.

District's net position increased in FY 2025

District revenues were \$18.8 million greater than its expenses, increasing total net position to \$147.4 million at June 30, 2025. 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, \$66.3 million is restricted by external parties or is not in spendable form, and the remaining \$81.1 million is unrestricted.

Auditor findings and recommendations

Summarized below are the findings and recommendations included in the District's [Single Audit Report](#) where there is further information and the District's responses.

The District needs to:

- ▶ Continue to develop and update policies and procedures over information technology (IT). The District's auditors noted that the District does not have comprehensive IT policies and procedures over risk assessment, logical access, change management, and contingency planning to protect significant systems and sensitive data. Not having robust IT policies and procedures results in a heightened risk of security breaches and potential loss of District data. Similar findings have been reported since 2017.

- ▶ Ensure its written information security program includes a vendor due diligence program with standards for evaluating and selecting vendors who interact with sensitive data, contract provisions that require third-party vendors to maintain safeguards, and ongoing monitoring based on the risk the vendor presents. The District's auditors noted that the District's written information security program does not include a vendor due diligence program as required by the Gramm-Leach-Bliley Act (GLBA). The lack of this program makes it difficult to ensure that vendors who interact with sensitive data are properly evaluated, selected, and monitored, potentially leading to security breaches and noncompliance with regulatory requirements. A similar finding was reported in the prior year.
- ▶ Strengthen its internal controls over reporting student enrollment changes for Pell Grant recipients to the National Student Loan Data System (NSLDS) to ensure that enrollment status changes are reported to NSLDS within 60 days of occurrence.

Auditor General website report links

- ▶ **June 30, 2025, [Navajo County Community College District Annual Comprehensive Financial Report and Single Audit Report.](#)**

These highlights summarize the reports above. The full reports explain the District's overall financial picture and the District's auditors' reporting responsibilities.

- ▶ The [District's reports from prior years.](#)
- ▶ **User guides that help explain the important information presented in these reports:**
 - [Financial Report User Guide for Colleges and Universities.](#)
 - [Internal Control and Compliance Reports User Guide.](#)