

Northern Arizona University

CONCLUSION: Northern Arizona University is responsible for preparing its annual financial report, maintaining effective internal controls, and being accountable for its use of public monies. Our Office is responsible for auditing the University's financial statements annually. Since the University is a component of the State of Arizona, the information in its financial statements will also be incorporated in the State of Arizona's Comprehensive Annual Financial Report. A summary of the University's financial statements is presented below.

Based on our audit, we issued opinions on the University's financial statements and a report on internal control and on compliance over its financial reporting. The information in the University's fiscal year 2016 financial statements is reliable. Our Office did not report any weaknesses in the University's internal control or instances of noncompliance over financial reporting.

Condensed financial statement information

Statement of net position—This statement reports all of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Net position is reported in three major categories:

- **Net investment in capital assets**—shows the equity in property, buildings, and equipment.
- **Restricted**—shows the resources that must be used for restricted purposes as specified by donors and other external entities, such as the federal government.
- **Unrestricted**—shows the remaining net position balance after allocating the net investment in capital assets and restricted balances.

Statement of revenues, expenses, and changes in net position—This statement reports all revenues, expenses, and other changes in net position. The increase or decrease in net position indicates whether financial health has improved or deteriorated as a result of current-year activities. Net position decreased by \$9 million, or 3 percent, in fiscal year 2016.

Statement of net position As of June 30, 2016 (In millions)

Assets and deferred outflows	
Current and other assets	\$ 305
Capital assets, net of depreciation	843
Deferred outflows of resources	42
Total assets and deferred outflows	1,190
Liabilities and deferred inflows	
Current liabilities	73
Noncurrent liabilities:	
Long-term debt	625
Net pension liability	184
Other	11
Deferred inflows of resources	15
Total liabilities and deferred inflows	908
Net position	
Net investment in capital assets	266
Restricted	55
Unrestricted (deficit)	(39)
Total net position	\$ 282

Statement of revenues, expenses, and changes in net position Year ended June 30, 2016 (In millions)

Revenues	
Tuition and fees, net of scholarship allowances	\$217
Grants and contracts	105
State appropriations	95
Auxiliary enterprises	57
Other revenues	57
Total revenues	531
Expenses	
Educational and general	436
Auxiliary enterprises	38
Depreciation	38
Other expenses	28
Total expenses	540
Decrease in net position	(9)
Net position—beginning	291
Net position—ending	\$282

Understanding the University's financial report

Understanding how to extract information from the University's financial report is important when reviewing financial performance and evaluating future financial decisions. As described below, our Office's financial report user guide and internal control and compliance reports user guide, available at www.azauditor.gov under reports and publications, help users identify and understand important and useful information in the University's financial report and in our report on internal control and on compliance over financial reporting. Specifically:

- **Financial report user guide**—describes key financial information contained in university financial reports and indicates where to find this information. Key components in a financial report include the independent auditors' report, management's discussion and analysis, financial statements, notes to financial statements, and other required supplementary information.
- **Internal control and compliance reports user guide**—describes our internal control and compliance report over financial reporting, which provides information about whether the University has effective internal control procedures and whether it has complied with certain financial-related laws and regulations.