



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Expenditure Limitation Report

Navajo County Community College District

(Northland Pioneer College)

Year Ended June 30, 2003



Debra K. Davenport
Auditor General

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Navajo County Community College District
(Northland Pioneer College)
Report on Audit of Annual Budgeted Expenditure Limitation Report
Year Ended June 30, 2003

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DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Governing Board of
Navajo County Community College District

We have audited the accompanying Annual Budgeted Expenditure Limitation Report of Navajo County Community College District for the year ended June 30, 2003. This report is the responsibility of the District's management. Our responsibility is to express an opinion on this report based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the report. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall report presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Annual Budgeted Expenditure Limitation Report was prepared for the purpose of complying with the uniform expenditure reporting system as discussed in Note 1, and is not intended to be a presentation in conformity with U.S. generally accepted accounting principles.

In our opinion, the Annual Budgeted Expenditure Limitation Report of Navajo County Community College District for the year ended June 30, 2003, referred to above presents fairly, in all material respects, the information required by the uniform expenditure reporting system on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the members of the Arizona State Legislature and the Governing Board, and for filing with the Auditor General of the State of Arizona, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Dennis L. Mattheisen, CPA
Financial Audit Director

November 27, 2006

Navajo County Community College District
(Northland Pioneer College)
Annual Budgeted Expenditure Limitation Report—Part I
Year Ended June 30, 2003

| | | |
|---|------------------|---------------------|
| 1. Economic Estimates Commission expenditure limitation | | \$14,259,188 |
| 2. Total amount subject to the expenditure limitation (from Part II, Line C) | 16,467,046 | |
| 3. Less expenditures of monies received pursuant to Arizona Revised Statutes §15-1472 (workforce development) | <u>1,413,078</u> | |
| 4. Adjusted amount subject to the expenditure limitation | | <u>15,053,968</u> |
| 5. Amount in excess of the expenditure limitation | | <u>\$ (794,780)</u> |

(The District claimed just enough exclusions to have the amount in excess of the expenditure limitation to be an amount that allows the District to take full advantage of the reduced penalty under Senate Bill 1246, Laws 2001, Chapter 362 §1.)

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of Chief Fiscal Officer: _____

Name and Title: V. Blaine Hatch, Vice President for Administrative Services

Telephone Number: (928) 524-7600 Date: November 27, 2006

See accompanying notes to report.

Navajo County Community College District
(Northland Pioneer College)
Annual Budgeted Expenditure Limitation Report—Part II
Year Ended June 30, 2003

| Description | Current Funds | | | Plant Funds | | Total |
|--|----------------------|--------------------------|--------------|---------------------|-------------------------------|----------------------|
| | Unrestricted | | | Unexpended | Retirement of Indebtedness | |
| | General | Auxiliary Enterprises | Restricted | | | |
| A. Total budgeted expenditures | \$ 14,871,702 | \$ 1,232,935 | \$ 3,429,461 | \$ 7,178,552 | \$ 1,756,444 | \$ 28,469,094 |
| B. Less exclusions claimed: | | | | | | |
| Debt service requirements on bonded indebtedness (Note 2) | | | | | 1,504,675 | 1,504,675 |
| Debt service requirements on other long-term obligations (Note 2) | | | | | 251,769 | 251,769 |
| Dividends, interest, and gains on the sale or redemption of investment securities (Note 3) | 177,598 | | 188 | 10,586 | | 188,372 |
| Grants and aid from the federal government (Note 4) | | | 3,116,517 | | | 3,116,517 |
| Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes | | | 293,500 | | | 293,500 |
| Amounts received from the State of Arizona for the purchase of land, and the purchase or construction of buildings or improvements | | | | 466,500 | | 466,500 |
| Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 5) | | | | 4,696,072 | | 4,696,072 |
| Contracts with other political subdivisions (Note 4) | 1,060,432 | | | | | 1,060,432 |
| Tuition and fees (Note 6) | 358,565 | 46,390 | 19,256 | | | 424,211 |
| Total exclusions claimed | 1,596,595 | 46,390 | 3,429,461 | 5,173,158 | 1,756,444 | 12,002,048 |
| C. Amounts subject to the expenditure limitation | <u>\$ 13,275,107</u> | <u>\$ 1,186,545</u> | <u>\$ -</u> | <u>\$ 2,005,394</u> | <u>\$ -</u> | <u>\$ 16,467,046</u> |

See accompanying notes to report.

Navajo County Community College District
(Northland Pioneer College)
Notes to Annual Budgeted Expenditure Limitation Report
Year Ended June 30, 2003

Note 1 - Summary of Significant Accounting Policies

The Annual Budgeted Expenditure Limitation Report (ABELR) is presented on the basis of accounting prescribed by the uniform expenditure reporting system (UERS), as required by Arizona Revised Statutes (A.R.S.) §41-1279.07, which excludes expenditures of certain revenues specified in the Arizona Constitution, Article IX, §21 from the total budgeted expenditures.

The information reported in both the ABELR and the financial statements is derived from the same underlying accounting data. However, the formats of the ABELR and the financial statements differ. The ABELR presents budgeted expenditures, exclusions, and amounts subject to the limitation by fund type as required by A.R.S. §41-1279.07. The financial statements present the net assets, changes in net assets, and cash flows for the District as a whole in accordance with U.S. generally accepted accounting principles.

In accordance with the UERS requirements, a note to the ABELR is presented below for any exclusion reported in the Total column on Part II that cannot be traced directly to an amount reported in the annual financial statements.

Note 2 - Exclusions claimed for debt service requirements on bonded indebtedness and debt service requirements on other long-term obligations are \$1,504,675 and \$251,769, respectively. Both amounts are included in the amounts reported as principal paid on capital debt and interest paid on capital debt on the Statement of Cash Flows.

Note 3 - The amount of \$247,323 was reported as interest and dividends on the Statement of Revenues, Expenses, and Changes in Net Assets. Of this amount, all was claimed as an exclusion for dividends, interest, and gains on the sale or redemption of investment securities, except for \$1,914 recorded in the Endowment Fund and \$57,037, that has been carried forward to future years.

Note 4 - The following schedule presents revenues from which exclusions have been claimed for grants and aid from the federal government and contracts with other political subdivisions:

Navajo County Community College District
 (Northland Pioneer College)
 Notes to Annual Budgeted Expenditure Limitation Report
 Year Ended June 30, 2003

**Statement of Revenues,
 Expenses, and Changes
 in Net Assets:**

| | |
|---------------------------------|--------------------|
| Government grants and contracts | <u>\$4,244,707</u> |
| | |
| Total | <u>\$4,244,707</u> |

ABELR:

| | |
|---|--------------------|
| Grants and aid from the federal government | \$3,116,517 |
| Contracts with other political subdivisions | <u>1,060,432</u> |
| Total exclusions claimed | <u>4,176,949</u> |
| Amount carried forward | <u>67,758</u> |
| Total | <u>\$4,244,707</u> |

Note 5 - Of the \$5,822,720 reported as payments made to contractors on the Statement of Cash Flows, \$4,696,072 was expended from amounts authorized and accumulate for the purpose of purchasing land, and purchasing or constructing buildings or improvements and was, therefore, claimed as an exclusion.

Note 6 - The District budgets scholarships as revenues. Of the gross tuition and fees of \$2,318,075 reported on the Statement of Revenues, Expenses, and Changes in Net Assets, only \$424,211 was expended and claimed as an exclusion. The remaining \$1,893,864 has been carried forward to future years.