



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Expenditure Limitation Report

Navajo County Community College District

(Northland Pioneer College)

Year Ended June 30, 2002



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, 2002

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**STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL**

DEBRA K. DAVENPORT, CPA
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, 2002. 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, 2002, 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

January 10, 2005

Navajo County Community College District
(Northland Pioneer College)
Annual Budgeted Expenditure Limitation Report—Part I
Year Ended June 30, 2002

1. Economic Estimates Commission expenditure limitation		\$12,494,304
2. Total amount subject to the expenditure limitation (from Part II, Line C)	14,653,977	
3. Less expenditures of monies received pursuant to Arizona Revised Statutes §15-1472 (workforce development)	<u>1,402,897</u>	
4. Adjusted amount subject to the expenditure limitation		<u>13,251,080</u>
5. Amount in excess of the expenditure limitation		<u>\$ (756,776)</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.)

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: _____

See accompanying notes to report.

Navajo County Community College District
(Northland Pioneer College)
Annual Budgeted Expenditure Limitation Report—Part II
Year Ended June 30, 2002

Description	Current Funds			Plant Funds		Total
	Unrestricted		Restricted	Unexpended	Retirement of Indebtedness	
	General	Auxiliary Enterprises				
A. Total budgeted expenditures	\$ 14,220,211	\$ 1,113,649	\$ 3,204,157	\$ 2,333,504	\$ 1,763,825	\$ 22,635,346
B. Less exclusions claimed:						
Debt service requirements on bonded indebtedness (Note 2)					1,507,675	1,507,675
Debt service requirements on other long-term obligations (Note 2)					251,187	251,187
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	87,998		525	184,323	4,963	277,809
Grants and aid from the federal government (Note 4)			2,900,701			2,900,701
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes			206,633			206,633
Amounts received from the State of Arizona for the purchase of land, and the purchase or construction of buildings or improvements				408,800		408,800
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 5)				422,053		422,053
Tuition and fees (Note 6)	<u>2,006,511</u>					<u>2,006,511</u>
Total exclusions claimed	<u>2,094,509</u>	<u>-</u>	<u>3,107,859</u>	<u>1,015,176</u>	<u>1,763,825</u>	<u>7,981,369</u>
C. Amounts subject to the expenditure limitation	<u>\$ 12,125,702</u>	<u>\$ 1,113,649</u>	<u>\$ 96,298</u>	<u>\$ 1,318,328</u>	<u>\$ -</u>	<u>\$ 14,653,977</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, 2002

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 \$1,507,675 and \$251,187, 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 \$347,415 reported as investment income on the Statement of Revenues, Expenses, and Changes in Net assets, was expended during the fiscal year. Of this amount, all was claimed as an exclusion for dividends, interest, and gains on the sale or redemption of investment securities, except for \$69,606 reported in the Retirement of Indebtedness Fund.

Note 4 - Government grants and contracts revenue reported on the Statement of Revenues, Expenses, and Changes in Net Assets were \$3,531,127. Of these revenues, \$2,900,701 was expended from federal grants and contracts and claimed as an exclusion. The remaining \$630,426 has been carried forward to future years.

Note 5 - Of the \$2,307,814 reported as payments made to contractors on the Statement of Cash Flows, \$422,053 was expended from amounts authorized by the governing board that were accumulated for the purpose of purchasing land, and purchasing or constructing buildings or improvements and was, therefore, claimed as an exclusion.

Note 6 - The exclusion claimed for tuition and fees includes the amount of scholarship allowance reported on the Statement of Revenues, Expenses, and Changes in Net Assets. Of the tuition and fees of \$2,438,754 reported on the Statement of Revenues, Expenses, and Changes in Net Assets, only \$2,006,511 was claimed as an exclusion. The remaining \$432,243 has been carried forward to future years.