

**NAVAJO COUNTY COMMUNITY
COLLEGE DISTRICT
(NORTHLAND PIONEER COLLEGE)
REPORT ON AUDIT OF ANNUAL
BUDGETED EXPENDITURE
LIMITATION REPORT
YEAR ENDED JUNE 30, 2009**

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
(NORTHLAND PIONEER COLLEGE)
REPORT ON AUDIT OF ANNUAL BUDGETED EXPENDITURE
LIMITATION REPORT
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HEINFELD, MEECH & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

3033 N. Central Avenue, Suite 300
Phoenix, Arizona 85012
Tel (602) 277-9449
Fax (602) 277-9297

INDEPENDENT AUDITORS' REPORT

The Auditor General of the State of Arizona

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, 2009. 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, 2009, 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, the Governing Board, and management, 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.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

June 18, 2010

NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
ANNUAL BUDGETED EXPENDITURE LIMITATION REPORT - PART I
YEAR ENDED JUNE 30, 2009

1. Economic Estimates Commission expenditure limitation		\$15,829,197
2. Total amount subject to the expenditure limitation (from Part II, Line C)	\$ 16,404,066	
3. Less expenditures of monies received pursuant to Arizona Revised Statutes §15-1472 (workforce development)	453,912	
4. Adjusted amount subject to the expenditure limitation		15,950,154
5. Amount over the expenditure limitation		\$ 120,957

The District exceeded its expenditure limitation due to the expenditure of revenues received from retail bookstore transactions in the amount of \$1,326,751. See Note 7 for additional information.

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) 524-7640 Date: June 18, 2010

See accompanying notes to report.

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
ANNUAL BUDGETED EXPENDITURE LIMITATION REPORT - PART II
YEAR ENDED JUNE 30, 2009**

<u>Description</u>	<u>Current Funds</u>			<u>Plant Funds</u>		<u>Total</u>
	<u>Unrestricted</u>		<u>Restricted</u>	<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	
	<u>General</u>	<u>Auxiliary Enterprises</u>				
A. Total budgeted expenditures	\$ 19,386,776	\$ 1,506,502	\$ 5,461,188	\$ 755,247	\$ 1,907,163	\$ 29,016,876
B. Less exclusions claimed:						
1. Debt service requirements on bonded indebtedness (Note 2)					1,661,175	1,661,175
2. Debt service requirements on other long-term obligations (Note 2)					245,988	245,988
3. Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	197,330		9,534	7,520		214,384
4. Grants and aid from the Federal government (Note 4)	980,372		4,009,693			4,990,065
5. Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes			529,310			529,310
6. Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 5)	1,324,176			247,727		1,571,903
7. Contracts with other political subdivisions (Note 4)	2,152,481					2,152,481
8. Tuition and fees (Note 6)	<u>552,182</u>	<u> </u>	<u>695,322</u>	<u> </u>	<u> </u>	<u>1,247,504</u>
Total exclusions claimed	<u>5,206,541</u>	<u> </u>	<u>5,243,859</u>	<u>255,247</u>	<u>1,907,163</u>	<u>12,612,810</u>
C. Amounts subject to the expenditure limitation	<u>\$ 14,180,235</u>	<u>\$ 1,506,502</u>	<u>\$ 217,329</u>	<u>\$ 500,000</u>	<u>\$ </u>	<u>\$ 16,404,066</u>

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
NOTES TO ANNUAL BUDGETED EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2009**

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.) Section 41-1279.07, which excludes expenditures of certain revenues specified in the Arizona Constitution, Article IX, Section 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. Section 41-1279.07. The financial statements present the net assets, changes in net assets, and cash flows in accordance with U.S. generally accepted accounting principles.

In accordance with 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 on other long-term obligations are \$1,661,175 and \$245,988, 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 – Primary Government.

NOTE 3 - The amount of \$257,027 was reported as investment income on the Statement of Revenues, Expenses, and Changes in Net Assets – Primary Government. Of this amount, all was claimed as an exclusion for dividends, interest, and gains on the sale or redemption of investment securities, except for \$42,643, which was unexpended and has been carried forward to future years.

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
 NOTES TO ANNUAL BUDGETED EXPENDITURE LIMITATION REPORT
 YEAR ENDED JUNE 30, 2009**

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.

Statement of Revenues, Expenses, and Changes in Net Assets – Primary Government:		ABELR:	
		Grants and aid from the federal government	\$ 4,990,065
Government grants	\$ 5,083,645		
Government contracts	2,058,901	Contracts with other political subdivisions	<u>2,152,481</u>
	<u>\$ 7,142,546</u>	Total	<u>\$ 7,142,546</u>
Total			

NOTE 5 - Of the \$1,952,206 reported as acquisition and construction of capital assets on the Statement of Cash Flows – Primary Government, \$1,571,903 was expended from amounts authorized and accumulated for the purchase of land, and the purchase or construction of buildings or improvements and was, therefore, claimed as an exclusion.

NOTE 6 - The District does not budget tuition and fees revenue net of scholarship allowances. Of the gross tuition and fees of \$3,572,203 reported on the Statement of Revenues, Expenses, and Changes in Net Assets – Primary Government, only \$1,247,504 was expended and claimed as an exclusion. The remaining \$2,324,699 has been carried forward to future years.

NOTE 7 - The District exceeded its expenditure limitation due to the expenditure of revenues from amounts received from retail bookstore transactions. According to Laws 2006, Chapter 198, if a community college exceeds its expenditure limitation due to the expenditure of revenues from amounts received from retail transactions at bookstores operated by a community college district, the community college shall not have any state aid pursuant to section 15-1466, Arizona Revised Statutes, withheld. Further, no fine or hearing will be conducted since exceeding the expenditure limitation is related to retail bookstore revenues.