

Navajo County Community College District (Northland Pioneer College)

Expenditure Limitation Report

Year Ended June 30, 2017



A Report to the Arizona Legislature

Debra K. Davenport
Auditor General





The Auditor General is appointed by the Joint Legislative Audit Committee, a bipartisan committee composed of five senators and five representatives. Her mission is to provide independent and impartial information and specific recommendations to improve the operations of state and local government entities. To this end, she provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits and special reviews of school districts, state agencies, and the programs they administer.

The Joint Legislative Audit Committee

Representative **Anthony Kern**, Chair

Representative **John Allen**

Representative **Rusty Bowers**

Representative **Rebecca Rios**

Representative **Athena Salman**

Representative **J.D. Mesnard** (ex officio)

Senator **Bob Worsley**, Vice Chair

Senator **Sean Bowie**

Senator **Judy Burges**

Senator **Lupe Contreras**

Senator **John Kavanagh**

Senator **Steve Yarbrough** (ex officio)

Audit Staff

Jay Zsorey, Director

David Glennon, Manager and Contact Person

Contact Information

Arizona Office of the Auditor General

2910 N. 44th St.

Ste. 410

Phoenix, AZ 85018

(602) 553-0333

www.azauditor.gov



TABLE OF CONTENTS

Independent accountants' report	1
Annual budgeted expenditure limitation report—part I	3
Annual budgeted expenditure limitation report—part II	4
Notes to annual budgeted expenditure limitation report	5



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent accountants' report

Members of the Arizona State Legislature

The Governing Board of
Navajo County Community College District

We have examined the accompanying annual budgeted expenditure limitation report of Navajo County Community College District for the year ended June 30, 2017, and the related notes to the report. The District's management is responsible for presenting this report in accordance with the uniform expenditure reporting system as described in note 1. Our responsibility is to express an opinion on this report based on our examination.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the uniform expenditure reporting system in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the annual budgeted expenditure limitation report referred to above is presented in accordance with the information prescribed by the uniform expenditure reporting system as described in note 1 in all material respects.

Jay Zsorey, CPA
Financial Audit Director

March 1, 2018



**Navajo County Community College District
(Northland Pioneer College)
Annual budgeted expenditure limitation report—part I
Year ended June 30, 2017**

1. Economic Estimates Commission expenditure limitation	\$13,857,022
2. Total amount subject to the expenditure limitation (from Part II, Line C)	<u>13,857,022</u>
3. Amount under the expenditure limitation	<u>\$ 0</u>

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: Maderia Ellison, Associate Vice President/Chief Business Officer

Telephone number: (928) 532-6743 Date: March 1, 2018

See accompanying notes to report.

**Navajo County Community College District
(Northland Pioneer College)
Annual budgeted expenditure limitation report—part II
Year ended June 30, 2017**

Description	Current funds			Plant fund	
	Unrestricted		Restricted	Unexpended	Total
	General	Auxiliary enterprises			
A. Total budgeted expenditures	\$ 21,450,444	\$ 388,507	\$ 4,839,759	\$ 1,853,001	\$ 28,531,711
B. Less exclusions claimed:					
Debt service requirements (Note 2)				22,250	22,250
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	272,853		59		272,912
Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts (Note 4)	12,167		3,788,556	353,700	4,154,423
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes			381,230		381,230
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 5)				1,195,285	1,195,285
Contracts with other political subdivisions or tribal governments	2,613,221		195,604		2,808,825
Tuition and fees (Note 6)	4,921,289	152,192			5,073,481
Refunds, reimbursements, and other recoveries (Note 7)	22,505				22,505
Amounts earned through research and entrepreneurial activities (Note 8)	202,458	17,958			220,416
Amounts received from the State of Arizona for workforce development in accordance with A.R.S. §15-1472				474,310	474,310
Prior years carryforward (Note 9)	49,052				49,052
Total exclusions claimed	<u>8,093,545</u>	<u>170,150</u>	<u>4,839,759</u>	<u>1,571,235</u>	<u>14,674,689</u>
C. Amounts subject to the expenditure limitation	<u>\$ 13,356,899</u>	<u>\$ 218,357</u>	<u>\$ -</u>	<u>\$ 281,766</u>	<u>\$ 13,857,022</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, 2017**

Note 1 - Summary of significant accounting policies

The annual budgeted expenditure limitation report (ABELR) is presented as prescribed by the uniform expenditure reporting system (UERS), as required by Arizona Revised Statutes (A.R.S.) §41-1279.07. The ABELR excludes expenditures of certain revenues specified in the Arizona Constitution, Article IX, §21, and A.R.S. §§15-792.03, 15-795.01, 15-1444, and 15-1472 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 position, changes in net position, and cash flows 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

The \$22,250 exclusion claimed for debt service requirements includes the amounts reported as principal paid on capital debt of \$20,676 and interest paid on capital debt of \$1,574 on the statement of cash flows—primary government.

Note 3

Amounts received as dividends, interest, and gains on the sale or redemption of investment securities are reported on the statement of revenues, expenses, and changes in net position—primary government in the amount of \$279,951. Of this amount, only \$272,912 is claimed as an exclusion. The remaining \$7,039 has been carried forward to future years

Note 4

The following schedule presents revenues from which exclusions have been claimed for government grants, aid, contributions, and contracts:

Statement of revenues, expenses, and changes in net position—primary government:

Government contracts	\$ 2,808,825
Government grants	3,800,723
State appropriations	<u>8,041,200</u>
Total	<u>\$14,650,748</u>

**Navajo County Community College District
 (Northland Pioneer College)
 Notes to annual budgeted expenditure limitation report
 Year ended June 30, 2017**

Annual budgeted expenditure limitation report:

Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts	\$ 4,154,423
Contracts with other political subdivisions or tribal governments	<u>2,808,825</u>
Total exclusions claimed	6,963,248
Other revenues (nonexcludable)	<u>7,687,500</u>
Total	<u>\$14,650,748</u>

Note 5

Of the \$1,769,747 reported as purchase and construction of capital assets on the statement of cash flows—primary government, \$1,195,285 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 and bookstore revenue net of scholarship allowances. Of the gross tuition and fees of \$5,041,489 reported on the statement of revenues, expenses, and changes in net position—primary government, the entire amount was claimed as an exclusion. The entire amount of the gross bookstore income of \$31,992 was also claimed as an exclusion for a total of \$5,073,481 excluded as tuition and fees.

Note 7

The amount claimed for exclusion from refunds, reimbursements, and other recoveries consists of an insurance loss recovery of \$22,505 included in other revenue on the statement of revenues, expenses, and changes in net position—primary government.

Note 8

Amounts totaling \$220,416 earned through research and entrepreneurial activities are included in other sales and services and other revenue on the statement of revenues, expenses, and changes in net position—primary government.

Note 9

Prior years carryforward consists of constitutionally excludable revenues unexpended in the year of receipt that have been accumulated and were expended in the current years as follows:

Description	Current general fund
Tuition and fees	\$49,052
Total prior years carryforward expended	\$49,052

