

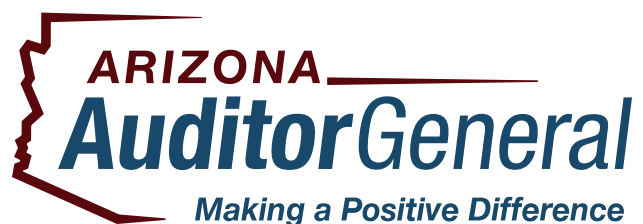
# Navajo County Community College District (Northland Pioneer College)

Annual Budgeted Expenditure  
Limitation Report

Year Ended June 30, 2023

A Report to the Arizona Legislature

Lindsey A. Perry  
Auditor General





The Arizona Auditor General’s mission is to provide independent and impartial information and specific recommendations to improve the operations of State and local government entities. To this end, the Office 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.

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# TABLE OF CONTENTS

<b>Independent accountants' report</b>	1
<b>Annual Budgeted Expenditure Limitation Report—Part I</b>	3
<b>Annual Budgeted Expenditure Limitation Report—Part II</b>	4
<b>Notes to Annual Budgeted Expenditure Limitation Report</b>	5



LINDSEY A. PERRY  
AUDITOR GENERAL

ARIZONA  
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

### Annual Budgeted Expenditure Limitation Report

We have examined the accompanying Annual Budgeted Expenditure Limitation Report (report) of Navajo County Community College District for the year ended June 30, 2023, 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.

### Accountants' responsibilities

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.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

### Opinion

In our opinion, the Annual Budgeted Expenditure Limitation Report referred to above is presented in accordance with the Uniform Expenditure Reporting System as described in Note 1 in all material respects.

## Emphasis of matter

As described in Part I of the report, the District reported it intentionally violated Arizona Constitution, Article IX, §21, and exceeded its expenditure limitation by \$762,762 for the year ended June 30, 2023. In lieu of the penalties prescribed in A.R.S. §41-1279.07(l) for exceeding the expenditure limitation, the District's penalty will be reduced to \$5,000 pursuant to Laws 2022, Ch. 367. Although the District has sufficient prior-year unexpended carryforward revenues available for it to use to be under the expenditure limitation, the District did not use these carryforward revenues although it has had a longstanding historical practice of doing so prior to the year ended June 30, 2022. Our opinion is not modified with respect to this matter.

*Lindsey A. Perry*

Lindsey A. Perry, CPA, CFE  
Auditor General

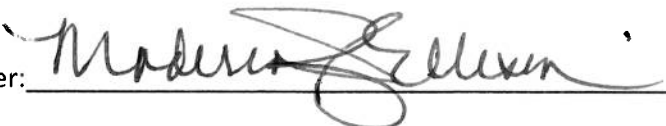
June 12, 2024

Navajo County Community College District  
(Northland Pioneer College)  
Annual Budgeted Expenditure Limitation Report—Part I  
Year ended June 30, 2023

1. Economic Estimates Commission expenditure limitation	\$15,255,258
2. Total amount subject to the limitation (from Part II, Line C)	<u>16,018,020</u>
3. Amount in excess of the expenditure limitation	<u>\$ (762,762)</u>

The District claimed enough exclusions to have the amount in excess of the expenditure limitation to be an amount that allows the District to take advantage of the reduced penalty under Laws 2022, Ch. 367, Sec. 1(1) (House Bill 2017).

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 J. Ellison, Vice President for Administrative Services/Chief Financial Officer

Telephone number: (928) 532-6743 Date: June 12, 2024

**Navajo County Community College District  
(Northland Pioneer College)  
Annual Budgeted Expenditure Limitation Report—Part II  
Year ended June 30, 2023**

Description	<u>Total</u>
A. Total budgeted expenditures	\$ 42,558,957
B. Less exclusions claimed:	
Dividends, interest, and gains on the sale or redemption of investment securities	2,007,405
Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts (Note 2)	8,006,771
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	451,493
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 3)	7,617,302
Contracts with other political subdivisions or tribal governments (Note 2)	3,300,742
Tuition and fees (Note 4)	4,105,763
Refunds, reimbursements, and other recoveries (Note 4)	39,203
Amounts earned through research and entrepreneurial activities (Note 4)	310,297
Amounts received from the State of Arizona for workforce development in accordance with A.R.S. §15-1472	688,629
Prior years carryforward (Note 5)	<u>13,332</u>
Total exclusions claimed	<u>26,540,937</u>
C. Amounts subject to the expenditure limitation	<u>\$ 16,018,020</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, 2023**

**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, as applicable, from the total budgeted expenditures.

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 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	\$ 3,300,742
Government grants	6,206,433
State appropriations	<u>14,412,238</u>
Total	<u>\$23,919,413</u>

**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	\$ 8,006,771
Contracts with other political subdivisions or tribal governments	<u>3,300,742</u>
Total exclusions claimed	11,307,513
Other revenues (nonexcludable)	<u>12,611,900</u>
Total	<u>\$23,919,413</u>

**Note 3**

Of the \$9,464,738 reported as purchase and construction of capital assets on the statement of cash flows—primary government, \$7,617,302 was expended from amounts authorized and accumulated for purchasing land and purchasing or constructing building or improvements and was therefore claimed as an exclusion.



**Navajo County Community College District  
 (Northland Pioneer College)  
 Notes to Annual Budgeted Expenditure Limitation Report  
 Year ended June 30, 2023**

**Note 4**

The District does not budget tuition and fees revenue net of scholarship allowances. The following schedule presents revenues from which exclusions have been claimed for tuition and fees, bookstore income, and amounts earned through research and entrepreneurial activities, which are included in other revenues:

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

Tuition and fees (gross)	\$4,034,544
Bookstore income (gross)	71,219
Other sales and service	135,940
Other operating revenues	<u>213,560</u>
Total	<u>\$4,455,263</u>

**Annual budgeted expenditure limitation report:**

Tuition and fees	\$4,105,763
Amounts earned through research and entrepreneurial activities	310,297
Refunds, reimbursements, and other recoveries	<u>39,203</u>
Total	<u>\$4,455,263</u>

**Note 5**

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:

<u>Description</u>	
Dividends, interest, and gains on the sale or redemption of investment securities	\$13,332

**Navajo County Community College District  
 (Northland Pioneer College)  
 Notes to Annual Budgeted Expenditure Limitation Report  
 Year ended June 30, 2023**

**Note 6**

Revenues that are constitutionally excludable and unexpended in the year of receipt may be accumulated and excluded in future years when spent. Carryforwards used include a \$444,383 adjustment to correct an ending carryforward balance that was no longer available for exclusion by the District. A summary of the accumulated revenue sources and their balances is shown in the table below.

<u>Description</u>	<u>Balance July 1, 2022</u>	<u>Carryforward added</u>	<u>Carryforward used</u>	<u>Balance June 30, 2023</u>
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 353,404		\$ 13,332	\$ 340,072
Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts	761,635		444,383	317,252
Amounts received from the State of Arizona for the purchase of land, and the purchase or construction of buildings or improvements	341,380			341,380
Tuition and fees	<u>31,121,733</u>			<u>31,121,733</u>
Total carryforward	<u>\$32,578,152</u>	<u>\$ -</u>	<u>\$457,715</u>	<u>\$32,120,437</u>

