

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
ANNUAL BUDGETED EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2024**



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**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
ANNUAL BUDGETED EXPENDITURE LIMITATION REPORT
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YEAR ENDED JUNE 30, 2024**

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INDEPENDENT ACCOUNTANTS' REPORT

Auditor General of the State of Arizona and
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 (the District), for the year ended June 30, 2024, 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* (UERS) as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

Accountants' Responsibilities

Our examination was conducted 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 UERS 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 judgement, 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 other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Opinion

In our opinion, the Annual Budgeted Expenditure Limitation Report of Navajo County Community College District, 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

The District has reissued its Annual Budgeted Expenditure Limitation Report for the year ended June 30, 2024, because it chose to amend its fiscal year ended June 30, 2024, expenditures subject to the limitation to allow the District to take advantage of the reduced penalty under Laws 2023, Chapter 184, Sec. 3 (3). Therefore, our independent accountants' report originally issued on and dated August 20, 2025, is not to be relied upon and is replaced by this current report version dated October 17, 2025. Our opinion is not modified with respect to this 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 \$1,855,679 for the year ended June 30, 2024. In lieu of the penalties prescribed in A.R.S. §41-1279.07(I) for exceeding the expenditure limitation, the District's penalty will be reduced to \$20,000 pursuant to Laws 2023, Ch. 184 Sec 3(3). 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. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Phoenix, Arizona
October 17, 2025

Navajo County Community College District
Annual budgeted expenditure limitation report—part I
Year ended June 30, 2024

1.	Economic Estimates Commission expenditure limitation	\$	<u>15,470,441</u>
2.	Total amount subject to the limitation (from Part II, line C)	\$	<u>17,326,120</u>
3.	Amount under (in excess of) the expenditure limitation	\$	<u>(1,855,679)</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 2023, Chapter 184, Sec 3(3)(Senate Bill 1013).

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 financial officer  Maderia J. Ellison (Oct 22, 2025 09:47:34 PDT)

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

Teleph (928) 532-6743 Date: 10/16/2025

Navajo County Community College District
Annual budgeted expenditure limitation report—part II
Year ended June 30, 2024

Description	Total
<u>A.</u> Total budgeted expenditures from Reconciliation, Line E. 3	\$ 44,553,732
<u>B.</u> Less exclusions claimed:	
Dividends, interest, and gains on the sale or redemption of investment securities	3,602,828
Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts (Note 3)	6,585,652
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	410,279
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements (Note 4)	2,009,201
Contracts with other political subdivisions or tribal governments (Note 3)	3,625,420
Tuition and fees (Note 5)	4,764,498
Refunds, reimbursements, and other recoveries (Note 5)	18,640
Amounts earned through research and entrepreneurial activities (Note 5)	294,787
Amounts received from the State of Arizona for workforce development in accordance with A.R.S. §15-1472	708,503
Prior years carryforward (Note 6)	5,207,804
Total exclusions claimed	<u>27,227,612</u>
<u>C.</u> Amounts subject to the expenditure limitation	<u>\$ 17,326,120</u>

See accompanying notes to report.

Navajo County Community College District
Annual budgeted expenditure limitation report—Reconciliation
Year ended June 30, 2024

	Description	Total
<u>A.</u>	Total operating and nonoperating expenses and applicable special items and extraordinary items reported within the financial statements	\$ 40,173,358
<u>B.</u>	Subtractions:	
1.	Items not requiring use of current financial resources:	
a.	Depreciation and amortization	3,066,296
b.	Loss on disposal of capital assets	27,497
c.	Bad debt expense (Note 7)	13,227
d.	Pension expense (Note 8)	2,986,656
e.	Compensated absences (Note 9)	536,577
2.	Total subtractions	6,630,253
<u>C.</u>	Additions:	
1.	Capital asset acquisitions	5,051,508
2.	Pension contributions paid in the current year (Note 8)	2,223,753
3.	Scholarship allowance (Note 10)	3,261,584
4.	Amounts paid in the current year but reported as expenses in previous years: Compensated absences (Note 9)	473,782
5.	Total additions	11,010,627
<u>D.</u>	Total financial statement expenses adjusted to UERS-basis actual expenditures (Line A. - Line B.2. + Line C.5.)	44,553,732
<u>E.</u>	Total budgeted expenditures	
1.	Original adopted budgeted expenditures	66,367,879
2.	Budgetary adjustment (Note 2)	21,814,147
3.	Final adopted budgeted expenditures (reported on part II, line A)	\$ 44,553,732

See accompanying notes to report.

Navajo County Community College District

Notes to Annual Budgeted Expenditure Limitation Report

Year ended June 30, 2024

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 and each subtraction or addition in the Reconciliation that cannot be traced directly to an amount reported in the annual financial statements.

Note 2 - The District has adopted a final budget equal to its UERS-basis actual expenditures. The districts original budget included funding and expenditures expected for construction and an ERP replacement project that were delayed in 2024, as well as staffing vacancies that were not filled during the fiscal year.

Note 3 - 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	\$ 3,625,420
Government grants	4,777,109
State appropriations	15,666,643
Total	<u>\$ 24,069,172</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	\$ 6,585,652
Contracts with other political subdivisions or tribal governments	3,625,420
Total exclusions claimed	10,211,072
Other revenues (nonexcludable)	13,858,100
Total	<u>\$ 24,069,172</u>

Note 4 - Of the \$5,051,508 reported as purchase and construction of capital assets on the statement of cash flows—primary government, \$2,009,201 was expended from amounts authorized and accumulated for purchasing land and purchasing or constructing building or improvements and was therefore claimed as an exclusion.

Note 5 - 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, amounts earned through research, entrepreneurial activities, and insurance proceeds and recovery of bad debt which are included in other revenues:

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

Tuition and fees (gross)	\$ 4,682,840
Bookstore income (gross)	81,658
Other sales and services	159,996
Other Operating revenues	153,431
Total	<u>\$ 5,077,925</u>

Annual budgeted expenditure limitation report:

Tuition and fees	\$ 4,764,498
Amounts earned through research and entrepreneurial activities	294,787
Refunds, reimbursements, and other recoveries	18,640
Total	<u>\$ 5,077,925</u>

Navajo County Community College District

Notes to Annual Budgeted Expenditure Limitation Report

Year ended June 30, 2024

Note 6 - 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	Total
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 340,072
Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts	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
Tuition and fees	4,209,100
Total prior years carryforward expended	<u>\$ 5,207,804</u>

Note 7 - The \$13,227 subtraction for bad debt expense is reported under the Institutional support expenses.

Note 8 - The \$2,986,656 subtraction for pension expense consists of changes in the net pension liabilities and changes in deferred inflows and outflows related to pensions recognized in the current year. The \$2,223,753 addition for pension contributions paid in the current year consists of the required pension contributions made to the Arizona State Retirement System. The schedule below reconciles the net effect the subtraction and addition have on the expenditures subject to the limitation to the amounts reported on the statement of cash flows' net effect on cash.

Statement of cash flows	Total
Change in deferred inflows related to pensions	\$ 77,889
Change in deferred outflows related to pensions	(5,221)
Change in net pension liability	690,235
Total	<u>\$ 762,903</u>

ABELR-Reconciliation	
Pension expense (income) – subtraction	\$ (2,986,656)
Pension contributions – addition	2,223,753
Total	<u>\$ (762,903)</u>

Navajo County Community College District

Notes to Annual Budgeted Expenditure Limitation Report

Year ended June 30, 2024

Note 9 - The \$536,577 subtraction for compensated absences consists of the estimated costs of compensated absences incurred and expensed in the current year but not yet paid. The \$473,782 addition for compensated absences in the current year, but reported as expenses in previous years, consists of cash payments in the current year for compensated absences recognized as an expense in previous years.

Note 10 - The addition for Scholarship allowance costs was for scholarships and other waivers given to students to reduce their tuition and fees. The tuition and fees are excluded at the gross amount. Consequently, this expenditure has been added back on the reconciliation.

Note 11 - Revenues that are constitutionally excludable and unexpended in the year of receipt may be accumulated and excluded in future years when spent. A summary of the accumulated revenue sources and their balances is shown in the table below.

<u>Description</u>	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2024</u>
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 340,072	\$ -	\$ 340,072	\$ -
Grants, aid, or contributions from the federal government, the State of Arizona, other political subdivisions, tribal governments, or special taxing districts	317,252	-	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	31,121,733	-	4,209,100	26,912,633
	<u>\$ 32,120,437</u>	<u>\$ -</u>	<u>\$ 5,207,804</u>	<u>\$ 26,912,633</u>



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Navajo AELR 10.20.2025

Final Audit Report

2025-10-22

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