

# Comprehensive Annual Financial Report

Year Ended June 30, 2015



**Northland Pioneer College**  
EXPANDING MINDS • TRANSFORMING LIVES<sup>SM</sup>



**Northland Pioneer College**

EXPANDING MINDS • TRANSFORMING LIVES<sup>SM</sup>

**Navajo County Community College District**

Holbrook, AZ

Comprehensive Annual Financial Report  
Year Ended June 30, 2015

Prepared by the NPC District Financial Services Office

Navajo County Community College District  
(Northland Pioneer College)  
Comprehensive Annual Financial Report  
Year Ended June 30, 2015

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 (Northland Pioneer College)  
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# Introductory Section



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**Northland Pioneer College**  
EXPANDING MINDS • TRANSFORMING LIVES<sup>SM</sup>



November 13, 2015

Northland Pioneer College has always been transparent and taken seriously its fiduciary responsibilities to the taxpayers of Navajo County. This second Comprehensive Annual Financial Report (CAFR) provides further assurance of proper management of public funds, presenting data not just from the current year, but the past 10 years.

Our initial CAFR, for the fiscal year ending June 2014, received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA), the highest form of recognition in the area of governmental accounting and financial reporting, and represents a significant accomplishment by a governmental agency and its management. This year's report, I believe, continues to meet those high standards of excellence.

This report reflects our efforts to improve financial reporting in every area, while continuing our mission to transform the lives of Navajo County residents through higher education. Fulfilling our mission is becoming increasingly more difficult as the State of Arizona continues to cut operating aid to community colleges and expenditures are restricted by a 35-year-old expenditure limitation formula.

Two key elements of that formula assume property values will increase at a rate greater than inflation and that enrollment will also increase each year. We all know what happened to property values after the "crash" of 2008. And a declining birth rate means there are fewer traditional-age students, so colleges, like NPC, are looking to attract older students who need to update job skills, or return to the workforce.

Instruction has also changed drastically over the past 35 years. Traditional classroom lectures are now routinely supplemented by computer-based materials. Training tomorrow's workers requires substantial investments in the latest technology – from lab computers and trainers to the network infrastructure linking our nine locations. Without an adjustment in the expenditure limitation formula, NPC, and the state's other community colleges, will be forced to reduce educational opportunities at a critical time of re-building Arizona's economy and re-training its workforce.

NPC's conservative expenditure policies have allowed us to build up a reserve that will allow us to continue to provide services to our students at current levels for at least a couple more years. I don't want to be a naysayer, but without promised legislative relief, NPC's programs, services and personnel will need to be trimmed to reduce expenditures to formula levels. For the benefit of our students, I hope we are never forced to do so.

Sincerely,

Jeanne Swarthout, Ph.D.  
President, Northland Pioneer College

November 13, 2015

To the Citizens and District Governing Board of the Navajo County Community College District:

We are pleased to provide you with the Comprehensive Annual Financial Report (CAFR) of the Navajo County Community College District (also referred to as Northland Pioneer College, NPC, or the District), for the fiscal year ended June 30, 2015.

Arizona Revised Statutes requires community college districts to prepare annual financial statements and for those financial statements to be audited. The State of Arizona Office of the Auditor General audited the District's financial statements for the fiscal year ended June 30, 2015 and issued an unmodified opinion, indicating they believe the financial statements were fairly presented. See Independent Auditors' Report at page 13.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation including all disclosures rests with the District's management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Management is responsible for establishing and maintaining internal controls designed to ensure that assets are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The District's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement so that the cost of the internal controls does not outweigh the benefits.

The Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditors' Report and provides a narrative overview and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

### **REPORTING ENTITY**

The District is an independent reporting entity within the criteria established by Generally Accepted Accounting Principles (GAAP) and the Governmental Accounting Standards Board (GASB). In accordance with GASB Statement No. 14, 39 and 61, the financial reporting entity consists of a primary government and two component units, NPC Friends & Family and Northeast Arizona Training Center (NATC). The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. The financial activity of NPC Friends and Family and NATC are discretely presented as component units of the District. The District is not included in any other governmental financial reporting entity.

## **INSTITUTIONAL PROFILE**

The District is a comprehensive community college providing services in northeast Arizona. It offers postsecondary degrees in over 63 occupational programs and specialty areas of study and offers lower division general education courses that are transferrable to a university for a degree. It has one of the lowest tuition rates in the state.

As a political subdivision of the State of Arizona, the District is subject to the oversight of its Governing Board which is comprised of five elected members representing each of the five districts of Navajo County. These members are elected for six-year terms on a staggered basis. The District's Governing Board is granted full authority by Arizona Revised Statutes to manage the business and educational needs of the District. The administrative staff of the District, led by the President, is responsible for the operation and administration of all District functions.

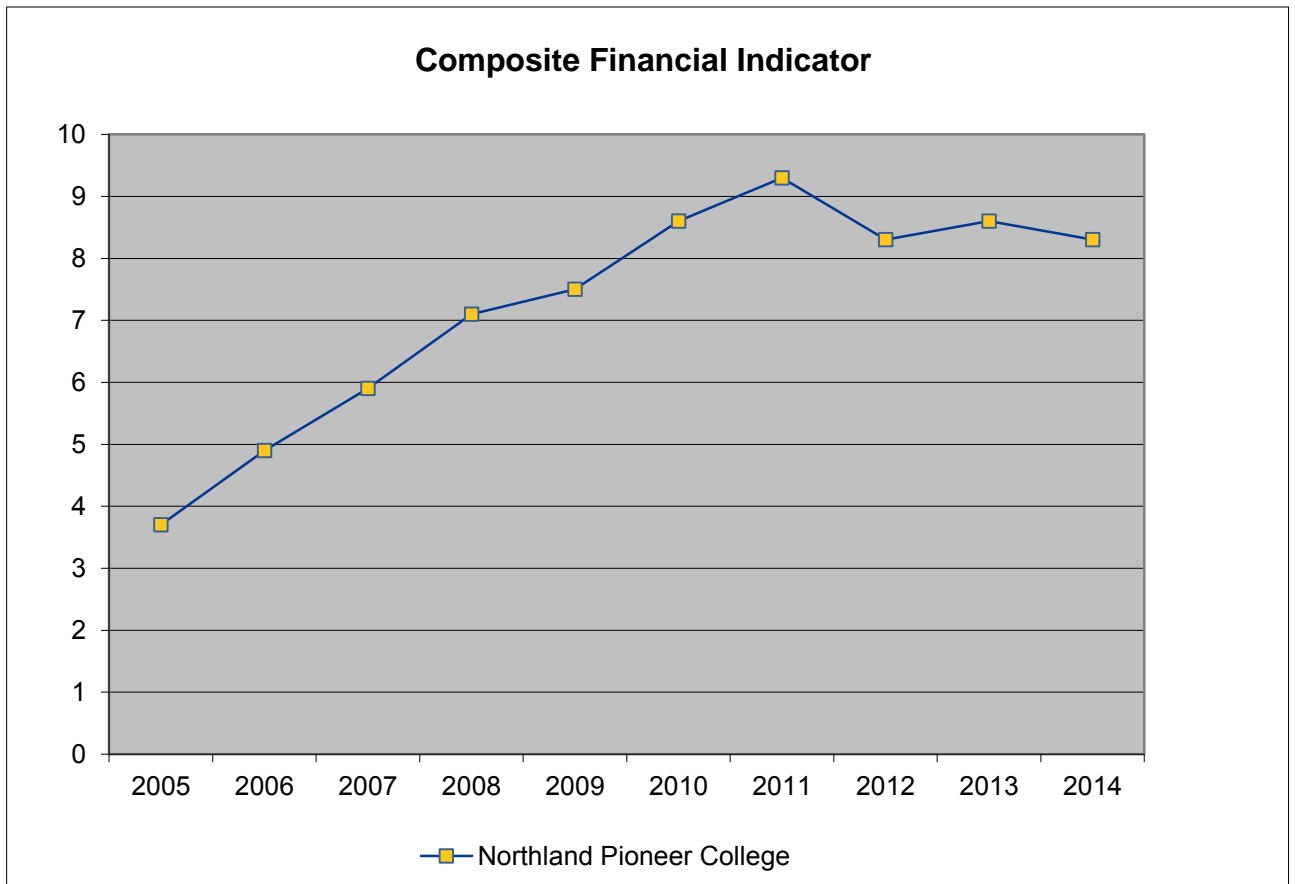
**History and Service Area** – Established in 1972, the District first enrolled students starting with the fall semester of 1974. The District serves Navajo and Apache counties, an area of 21,158 square miles with a 2010 U.S. Census Bureau population of 178,967. The Navajo, Hopi, and White Mountain Apache Indian Reservations occupy more than 66% of the total land in the District's service area and account for 60 percent of the area's population.

Campuses are located within four of the largest Navajo County communities of Holbrook, Show Low, Snowflake/Taylor and Winslow. Five centers are located in Polacca (Hopi), Kayenta, St. Johns, Springerville/Eager and Whiteriver. Central District Offices are located on the Holbrook Campus.

**Accreditation** – In order to have the right to award college degrees and certificates, institutions of higher education must be evaluated by a nationally recognized accrediting agency. The Higher Learning Commission (HLC) of the North Central Association of Colleges and Schools is charged with evaluating the District. The District is proud to report having passed the most recent (2010) evaluation with unqualified approval of every area of college operations. The HLC currently has revised its 10-year evaluation schedule to one that continuously monitors excellence of operational and educational standards. This new model ensures the District's students of an up-to-date, nationally recognized and accredited educational experience.

**Accreditation Financial Ratios** – On an annual basis the HLC requires member institutions to provide financial information. The information is used to calculate a Composite Financial Index (CFI) made up of four financial ratios, each one weighted differently. The CFI evaluates an institution's financial health; a CFI of 1.1 or higher indicates adequate financial health and requires no HLC review. The District's composite ratio for the years 2005 to 2014 has been greater than 3.0 and for the last seven years have been greater than 7.0.





### **ECONOMIC OUTLOOK**

Arizona continues to trail the nation in recovering from the 2007-2009 recession even after six years. However, state economists are predicting 2015 will be one of the best economic years since the recession, which may positively impact urban areas but not necessarily the rural areas of the state like Navajo County. According to the Bureau of Labor Statistics, Arizona's unemployment rate for August 2015 was 6.3% while the nation's was 5.1%. In Navajo County, the unemployment rate is still in the double digits at 10% for August 2015, though it is down from last year at the same time. A positive note for the District is that student enrollment may have stabilized. For the first time since 2009, student enrollment did not decline. When comparing 2015 to 2014, the District had a modest increase of 1%. When comparing Fall 2014 to Fall 2013 there was an enrollment increase of 6%. However, the decline in student enrollment since 2009, the end of the recession, is still 27%. The national average for the decline in enrollment for the same period for 2-year public institutions was 3.5%, according to the National Student Clearinghouse Research Center.

### **MAJOR INITIATIVES**

**Scholarships and Tuition Waivers** – Starting in Fall 2014, the District offered four plans to assist students with tuition. These initiatives were successful and the District will continue to offer these scholarships and tuition waivers to help students succeed.

- The Finish Line scholarship waived tuition costs for up to 12 credits to assist students in completing an associate degree. The District awarded 96 scholarships during the first year and 71 of the students recently graduated with an associate degree.
- The College Bound scholarship allowed qualified high school students to take up to seven general education credits per semester tuition free. The District awarded 170 scholarships in the first year of the program allowing students to get a head start in pursuing a degree.

- A tuition discount of 50 percent was given to all Adult Basic Education students. This initiative was established to eliminate barriers so more students could participate and is expected to have a positive impact on enrollment in future years. The Adult Basic Education program has been redesigned to focus on preparing students for future employment and further education beyond attaining a high school equivalency diploma. A tuition waiver will help even more students succeed.
- A tuition discount of 50 percent was offered on all summer courses beginning summer 2015. The District saw double-digit increases in enrollment primarily in the Arts and Science division.

**Student Success Initiative** – The District is making progress with its college-wide multi-year initiative to increase student persistence and completion, known as Proactive Advising for Student Success (PASS). The goal is to unify departments through student success teams that build on services and resources that have already been tested and proven to help students achieve their educational goals. The initial PASS tool is an early alert retention software system that will allow the District to improve communications between students and advisors and help students succeed. Once the District evaluates and selects a software solution it will commence a pilot program with key faculty in spring 2016, which will then be rolled out to the college.

**Strategic Plan** – The District proposed a redesign of its strategic plan with a focus on simplicity. The proposed strategic plan includes key priorities with a short list of goals. The goals will be supported by operational plans that identify key steps, resources needed, timelines, and measureable outcomes to assess completion of the goals. The strategic plan is expected to help the college to prioritize and accomplish the identified initiatives.

**Emergency Planning** – The District continues to keep safety at the forefront for students, faculty, and staff. During the last two years the District has taken many steps to help students, faculty and staff be better prepared: it has developed an Emergency Response Plan and Emergency Guidelines; implemented the RAVE Emergency Notification System and the Spectra Active Alert Program; and established safety committees at each of its locations. In August 2015, the District participated in a Mass Action Plan Exercise Scenario (MAPES), which involved over 25 agencies providing emergency services from Navajo and Apache Counties. It allowed the District to test its alert systems and assess how the District would respond to a large scale emergency occurring on campus.

## **FINANCIAL INFORMATION**

Effective management of the District's funds through internal controls, budgetary controls, cash management and fiscal reporting comprises the District's responsibilities for stewardship, safeguarding of assets, and accountability of resource providers. Additional information relating to the District's financial management can be found in the statistical section at the back of this report.

**Internal Control** – The District is responsible for establishing and maintaining a system of internal controls. Internal controls are designed to ensure reasonable, but not absolute assurance that the assets of the District are protected from loss, theft or misuse and that the accounting records used to prepare the financial statements are reliable and conform to generally accepted accounting principles. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from that control element, and that the evaluation of costs and benefits requires estimates and judgments from management.

All internal control evaluations occur within the above framework. The District believes the internal control structure adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

**Budgetary Controls** – The District engages in an annual financial planning cycle that begins with the Strategic Plan. The Strategic Plan is a moving three year plan that is updated annually and involves all levels of the organization – it identifies the strategic direction of the District and establishes operating goals in support of its mission and vision. The District maintains budgetary controls in the form of detailed balanced budgets and budget transfer restrictions by fund, department and account. On a monthly basis the District presents various financial reports to the District Governing Board including a report of revenues, expenditures and budgets by fund, a report on property tax receipts, cash flow position, and a narrative discussing budget deviations by fund. The objective of these budgetary controls is to ensure compliance with the annual budget and to fulfill the requirements of the District Governing Board’s monitoring reports.

The District complies with Arizona Revised Statutes requiring that a report of the District’s adopted budget be published annually based on the prescribed format established by the Office of the Auditor General. The District also complies with Arizona Revised Statutes regarding Truth in Taxation Notice and Hearing when the District’s primary property tax levy is greater than the amount levied in the preceding year.

The District also demonstrates compliance by issuance of an annual budgeted expenditure limitation report that is examined by the Office of the Auditor General. The expenditure limitation calculation determines the maximum allowable expenditure supported by local revenues.

**Cash Management** – The District is governed by the Arizona Revised Statutes relating to overall investment of idle public funds. The fiduciary responsibility for such investments is entrusted to the District Governing Board and facilitated through the Vice President of Administrative Services. The District invests idle funds in a prudent, conservative, and secure manner for the highest available yield, given cash flow constraints, as prescribed by Arizona Revised Statutes. The principal investment vehicles used during the fiscal year were the Navajo County Treasurer’s investment pool and the Local Government Investment Pool (LGIP) managed by the Arizona State Treasurer. Both have provided the District with safe liquid investments.

**Financial Reporting** – The District has an automated financial accounting system that captures all financial transactions to prepare the audited financial statements, data for the CAFR, and to develop internal management reports for decision-making needs and to aid in the allocation of resources.

The CAFR for the District was formulated with data from several sources including District records and the Navajo County Finance, Treasurer’s and Assessor’s Offices. These statements present information on the financial condition of the District and whether resources were adequate to cover the costs of providing services during the reporting period. The District’s CAFR is distributed to the District Governing Board and administrators, the State legislature, Federal and State agencies, and financial institutions as well as others throughout the general public.

### **INDEPENDENT AUDIT**

The District is audited by Office of the Auditor General for the State of Arizona. The audit determines if the financial statements are free of material misstatements and ensures compliance with the Arizona Revised Statutes that require an annual audit of the District’s financial statements. The Independent Auditors’ Report is included in the financial section of this CAFR. The District received an unmodified opinion for the fiscal year ended June 30, 2015.

The District’s component units, NPC Friends and Family and NATC, are audited by local CPA’s. Both component units received unmodified opinions for the fiscal year ended June 30, 2015.

## **GFOA CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Navajo County Community College District for its comprehensive annual financial report for the fiscal year ended June 30, 2014. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal regulations.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

## **ACKNOWLEDGEMENTS**

We express our appreciation to all those who assisted and contributed to the preparation of this report. Our deepest gratitude goes to the dedicated staff in the Business Office. We also express our appreciation to the State of Arizona Office of the Auditor General and the Navajo County Finance, Treasurer's and Assessor's Offices for their assistance with this report. Lastly, we thank the members of the District Governing Board and the President for their guidance and support in maintaining the financial stability of the District.

Respectfully submitted,

V. Blaine Hatch  
Vice President for Administrative Services

Maderia J. Ellison  
Director of Financial Services



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Navajo County  
Community College District  
Arizona**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

## **PRINCIPAL OFFICERS**

As of June 30, 2015

## **DISTRICT GOVERNING BOARD**

Mr. Daniel Peaches, District 1

Mr. Prescott Winslow, District 2

Mr. Frank Lucero, District 3

Mr. James Matteson, District 4

Ms. Ginny Handorf, District 5

## **EXECUTIVE TEAM**

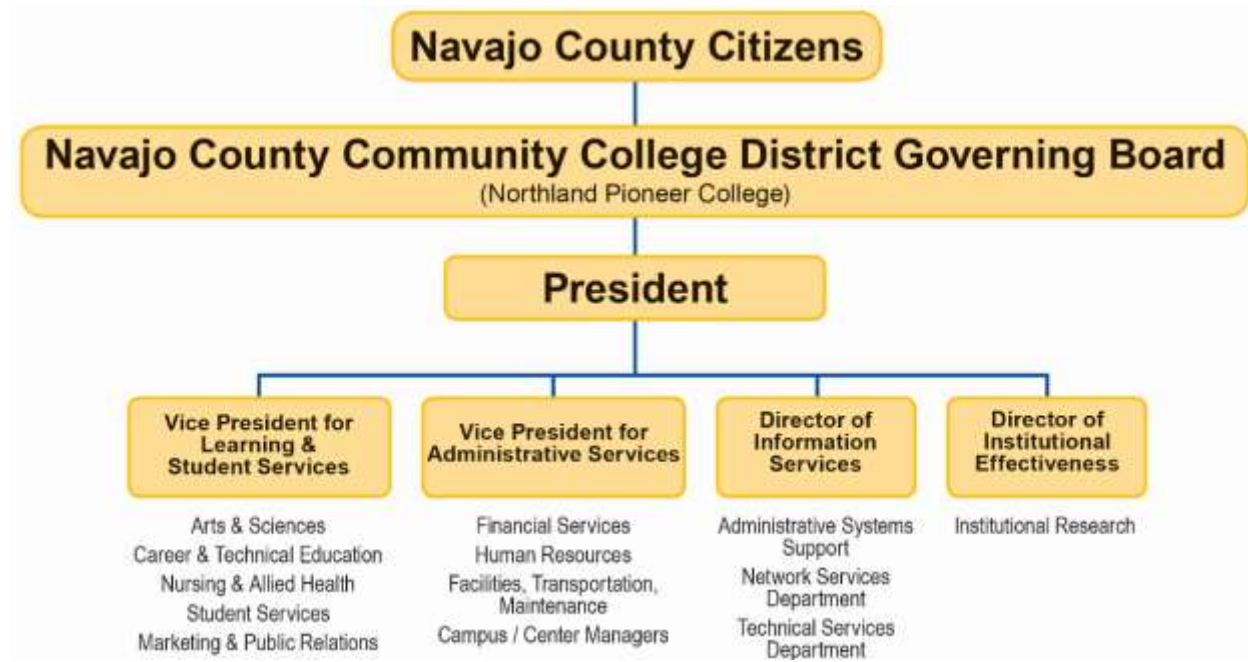
Dr. Jeanne Swarhout, President

Mr. V. Blaine Hatch, Vice President for Administrative Services

Mr. Mark Vest, Vice President for Learning & Student Services

# ORGANIZATION CHART

JUNE 30, 2015



## OUR MISSION

**Northland Pioneer College creates, supports and promotes lifelong learning.**

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## OUR VISIONS

- NPC creates a learner-centered environment.
  - NPC responds to community needs.
  - NPC provides effective and responsive service to our constituencies.
  - NPC fosters professional growth and collegial collaboration.
- 

## OUR VALUES

- **We Value Learning**

NPC is a community designed first and foremost to promote learning for our constituencies and for ourselves.
  - **We Value Quality**

NPC is strongly committed to improving learning opportunities by promoting high educational standards.
  - **We Value Integrity**

NPC is an organization that demands honesty and fairness in every relationship.
  - **We Value Diversity**

NPC respects and promotes multi-culturalism in its students, academic programs and employment.
  - **We Value Service**

NPC is a service organization dedicated to helping our students determine and achieve their goals.
  - **We Value Accountability**

NPC adopts efficient operational practices to assure that our constituencies receive the highest quality services for the lowest possible cost.
  - **We Value Responsiveness**

NPC addresses community and students needs quickly.
  - **We Value Students and Colleagues**

NPC respects and promotes the dignity, worth and capabilities of each individual.
  - **We Value Access**

NPC is committed to providing accessible and affordable learning opportunities.
  - **We Value Collaboration**

NPC can best serve its communities through cooperation and partnerships.
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# Financial Section



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**Northland Pioneer College**  
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**DEBRA K. DAVENPORT, CPA**  
AUDITOR GENERAL

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

**MELANIE M. CHESNEY**  
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report**

Members of the Arizona State Legislature

The Governing Board of  
Navajo County Community College District

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component units of the Navajo County Community College District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the aggregate discretely presented component units were not audited by the other auditors in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and aggregate discretely presented component units of Navajo County Community College District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## **Emphasis of Matter**

As described in Note 1 to the financial statements, for the year ended June 30, 2015, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis, Schedule of the District's Proportionate Share of the Net Pension Liability, and Schedule of District Pension Contributions listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Debbie Davenport  
Auditor General

November 13, 2015

Navajo County Community College District  
(Northland Pioneer College)  
Management's Discussion and Analysis  
Year Ended June 30, 2015

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the year ended June 30, 2015. Please read it in conjunction with the transmittal letter which precedes this section and the District's basic financial statements, which immediately follow.

## Basic Financial Statements

The District's annual financial statements are presented in accordance with U.S. generally accepted accounting principles prescribed by the Governmental Accounting Standards Board (GASB), the authoritative body for establishing Generally Accepted Accounting Principles (GAAP) for state and local governments, including public institutions of higher education. These standards permit public colleges and universities to use the guidance for special-purpose governments engaged in business-type activities. The standards allow for the presentation of the District's financial activity in a consolidated, single-column, entity-wide format. This format is similar to the type of financial statements typical of a business enterprise or not-for-profit organization. The basic financial statements consist of the following:

The *Statement of Net Position* reflects the financial position of the District at June 30, 2015. It shows the various assets owned or controlled, deferred outflows of resources, related liabilities and other obligations, deferred inflow of resources and the various categories of net position. Net position is an accounting concept defined as total assets plus deferred outflows of resources, less total liabilities and deferred inflows of resources, and as such, represent institutional equity or ownership in the District's total assets.

The *Statement of Revenues, Expenses, and Changes in Net Position* reflects the results of operations and other changes for the year ended June 30, 2015. It shows the various revenues and expenses, both operating and nonoperating, reconciling the beginning net position amount to the ending net position amount, which is shown on the *Statement of Net Position* described above.

The *Statement of Cash Flows* reflects the inflows and outflows of cash and cash equivalents for the year ended June 30, 2015. It shows the various cash activities by type, reconciling the beginning cash and cash equivalents amount to the ending cash and cash equivalents amount, which is shown on the *Statement of Net Position* described above. In addition, this statement reconciles cash flows from operating activities to operating loss on the *Statement of Revenues, Expenses, and Changes in Net Position* described above.

## Financial Highlights and Analysis

Consistent with its mission, the District creates, supports and promotes lifelong learning. Major funding sources supporting all functions include property taxes, state appropriations, government grants and contracts, and tuition and fees. The District may exercise primary and secondary property tax levy authority for generation of funds used for operating, capital equipment, and debt retirement purposes.

The condensed financial information below highlights the main categories of the *Statement of Net Position*. Assets are distinguished as either current or noncurrent. Current assets are resources available to meet the District's operating needs. Other liabilities are made up of accounts payable, unearned revenues, and accrued payroll and employee benefits. Net position is divided into three categories reflecting the broad characteristics of institutional equity in the assets of the District. In addition to the District's capital assets, the District holds resources that external parties have restricted for specific

Navajo County Community College District  
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Management's Discussion and Analysis  
Year Ended June 30, 2015

programs or purposes. The remaining net position is unrestricted but is dedicated to the District's primary mission. Over time, increases or decreases in net position may serve as a useful indicator of whether the District's financial position is improving or deteriorating.

## Condensed Financial Information

The following is a listing of condensed financial information for the District as of June 30, 2015 and June 30, 2014:

**Condensed Statement of Net Position—Primary Government  
As of June 30**

	<u>2015</u>	<u>2014 Restated</u>	<u>% Change</u>
<b>Assets:</b>			
Current assets	\$46,571,748	\$42,574,324	9%
Noncurrent assets, other than capital assets	387,995	674,244	-42%
Capital assets, net	<u>39,061,679</u>	<u>39,289,567</u>	-1%
Total assets	<u>86,021,422</u>	<u>82,538,135</u>	4%
<b>Deferred Outflow of Resources:</b>			
Deferred outflows related to pensions	<u>2,356,319</u>	<u>1,274,537</u>	85%
<b>Liabilities:</b>			
Other liabilities	2,308,983	2,098,216	10%
Long-term liabilities	<u>19,666,342</u>	<u>22,173,152</u>	-11%
Total liabilities	<u>21,975,325</u>	<u>24,271,368</u>	-9%
<b>Deferred Inflow of Resources</b>			
Deferred inflows related to pensions	<u>3,465,357</u>	_____	
<b>Net Position:</b>			
Net investment in capital assets	39,022,715	39,231,822	-1%
Restricted	314,958	612,712	-49%
Unrestricted	<u>23,599,386</u>	<u>19,696,770</u>	20%
Total net position	<u>\$62,937,059</u>	<u>\$59,541,304</u>	6%

\* The 2014 amounts for deferred outflows/inflows of resources, long-term liabilities, and unrestricted net position were restated to reflect implementation of GASB 68. Restatement allows for more comparative analysis in this section of the Management Discussion and Analysis.

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The most significant impact to net position for the District was the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The new GASB statements relate to accounting and financial reporting issues and how pension costs and obligations are measured and reported. The new guidance establishes a shift from a funding-based approach to an accounting-based approach. This shift was designed to improve pension information and increase the transparency, consistency, and comparability of pension information across governments. For the District, this resulted in the reduction of net position of \$20.8 million effective July 1, 2014. Under the new guidance the District reported a liability on its financial statement that is equivalent to its proportionate share of the net pension liability of all the employers who participate in the cost-sharing plan administered by the Arizona State Retirement System (ASRS). Please refer to Change in Accounting Principle (Note 2) and Pension and other Postemployment Benefits (Note 10), which directly follows the presentation of the basic financial statements, for more information.

Total assets increased \$3.5 million, or 4 percent, related to the District's cash position. Total revenues exceed total expenses by \$3.4 million, largely due to timing of key capital initiatives that have been delayed and not using contingency funds. The available funds will support future capital needs by setting aside resources as outlined in the District's *Future Capital Reserve* policy.

Total liabilities decreased \$2.3 million, or 9 percent, of which \$2.5 million is related to the decrease in the District's proportionate share of the ASRS net pension liability. Other liabilities increased \$211,000 primarily due to the Voluntary Employee Separation Plan (VESP). The District offered this plan to faculty and staff effective January 1, 2015 to give eligible employees the opportunity to voluntarily separate from employment with the District in exchange for a separation payout; the related liability for future payouts is \$163,000. Please refer to Termination Benefits (Note 7), which directly follows the presentation of the basic financial statements, for more information.

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The condensed financial information on the next page highlights the main categories of the *Statement of Revenues, Expenses, and Changes in Net Position*. Generally, revenues generated by the District from exchange transactions are considered operating revenues. Other revenues such as state appropriations, property taxes, and certain government grants are considered nonoperating revenues. In compliance with U.S. generally accepted accounting principles, scholarships applied to tuition and fees are recorded as an offset to operating revenues instead of being reported as an expense to the District.

The District shows an operating loss because the three largest revenue sources, property taxes, state appropriations, and government grants, are considered nonoperating revenues. Please refer to the Summary of Significant Accounting Policies (Note 1), which directly follows the presentation of the basic financial statements, for a description of the differences between operating and nonoperating revenues.

Depreciation expense is recorded in accordance with the adoption of the economic resources measurement focus. The construction and acquisition of capital assets, although budgeted and tracked as expenditures in the accounting system, are not reflected as expenses in these statements. Such transactions are instead capitalized and reported as assets, with the systematic depreciation of the costs expensed over the useful lives of the assets constructed or acquired.



Navajo County Community College District  
(Northland Pioneer College)  
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**Condensed Statement of Revenues, Expenses, and  
Changes in Net Position—Primary Government  
Year Ended June 30**

	<u>2015</u>	<u>2014 Restated</u>	<u>% Change</u>
<b>Revenues:</b>			
Operating			
Tuition and fees, net	\$ 2,357,891	\$ 2,295,137	3%
Government contracts	3,283,218	3,156,936	4%
Bookstore income, net	48,491	66,720	-27%
Other	<u>334,987</u>	<u>352,295</u>	-5%
Total operating revenues	<u>6,024,587</u>	<u>5,871,088</u>	3%
Nonoperating			
Property taxes	13,980,187	13,153,327	6%
State appropriations	7,276,900	7,160,800	2%
Government grants	4,728,837	4,740,596	0%
Private grants	297,567	304,219	-2%
Share of state sales taxes	423,082	435,192	-3%
Investment earnings	160,532	148,526	8%
Gain (loss) on disposal of capital assets	<u>41,100</u>	<u>(112,752)</u>	-136%
Total nonoperating revenues	<u>26,908,205</u>	<u>25,829,908</u>	4%
Other revenues			
Capital appropriations	-	<u>122,600</u>	-100%
Total revenues	<u>32,932,792</u>	<u>31,823,596</u>	3%
<b>Expenses:</b>			
Operating	\$29,533,567	\$28,220,910	5%
Nonoperating	<u>3,470</u>	<u>5,138</u>	-32%
Total expenses	<u>29,537,037</u>	<u>28,226,048</u>	5%
Increase in net position	3,395,755	3,597,548	-6%
Total net position, July 1	59,541,304	76,701,210	-22%
Prior period adjustment—Implementation of GASB 68	-	<u>(20,757,454)</u>	
Total net position, June 30	<u>\$62,937,059</u>	<u>\$59,541,304</u>	6%

Navajo County Community College District  
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Year Ended June 30, 2015

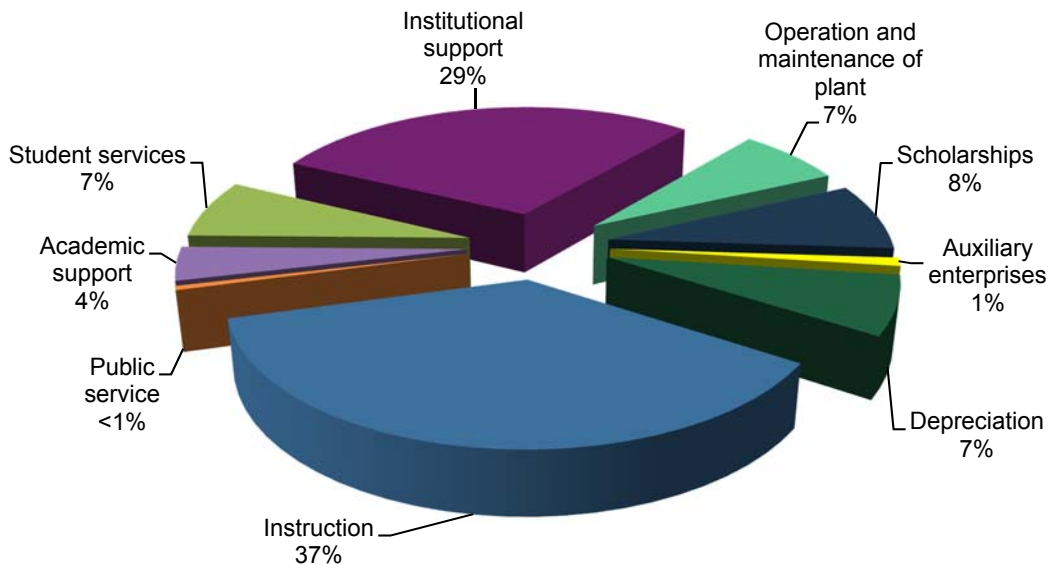
Total operating revenues increased \$153,000, or 3 percent. Government contracts increased \$126,000, or 4 percent, related primarily to an increase in Northern Arizona Vocational Institute of Technology (NAVIT) contract revenue resulting from increased enrollment compared to the prior year. Tuition and fees revenue increased \$63,000, or 3 percent. Discount tuition was offered for Adult Basic Education classes starting with fall 2014 and for all summer classes starting with 2015. The District considered these tuition waivers essential in helping to provide economic relief to students who had barriers in attending college. The waiting list associated with the Adult Basic Education program has been eliminated and enrollments for summer classes increased by 33 percent.

Total nonoperating revenues also increased by \$1.1 million, or 4 percent. Property taxes increased \$827,000, or 6 percent, over the prior fiscal year as the property tax levy was set at the maximum amount for fiscal year 2015. The District saw an increase in State appropriations of \$116,000, or 2%, which includes operating state aid, equalization aid and Science, Technology, Engineering, and Mathematics (STEM) funding. There is a corresponding decrease in other revenue by \$123,000 this year compared to last year due to a change in the state allowing STEM to be used for operating and capital purchases. The District's state appropriations account for 22% of total revenues. State funding to community colleges has been on the decline for several years with no expectation of an increase.

Navajo County Community College District  
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Year Ended June 30, 2015

	<u>2015</u>	<u>2014</u>	<u>% Change</u>
<b>Operating Expenses</b>			
Educational and general:			
Instruction	\$10,927,034	\$ 9,761,727	12%
Public service	29,159	35,889	-19%
Academic support	1,074,313	1,046,927	3%
Student services	2,116,755	2,143,989	-1%
Institutional support	8,719,606	8,475,611	3%
Operation and maintenance	1,941,192	2,118,547	-8%
Scholarships	2,273,228	2,240,669	1%
Auxiliary enterprises	399,147	559,067	-29%
Depreciation	<u>2,053,133</u>	<u>1,838,484</u>	12%
Total operating expenses	<u>29,533,567</u>	<u>28,220,910</u>	5%
<b>Nonoperating Expenses</b>			
Interest expense	<u>3,470</u>	<u>5,138</u>	-32%
Total nonoperating expense	<u>3,470</u>	<u>5,138</u>	-32%
Total expenses	<u>\$29,537,037</u>	<u>\$28,226,048</u>	5%

**2015 Operating Expenses by Category**



Operating expenses increased \$1.3 million, or 5 percent. The District continues to focus on maintaining comprehensive and quality services to the students and communities in its service area. As a result, instruction expenses increased \$1.2 million, or 12 percent. The District offered a tuition discount of 50 percent during summer 2015, causing a significant increase in enrollment and related instruction expense in the form of pay incentives for faculty teaching during the summer.

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The District implemented several new scholarship initiatives at the beginning of the fiscal year. The goal for these new initiatives was to help remove economic barriers to students encountering obstacles in attending college due to limitations on Pell Grant availability; decreasing family, community, and tribal resources; and rising costs for basic services. College Bound Scholarships and Finish Line Scholarships increased scholarships by nearly \$107,000. The following chart demonstrates the amount spent in each program:

<b>Scholarship Program</b>	<b>Scholarship Amount</b>
College Bound	\$ 45,161
Finish Line	<u>61,413</u>
	<u>\$106,574</u>

Auxiliary Enterprises declined \$160,000, or 29 percent, largely due to the community and corporate learning program. This program offers self-sustaining training and workshops for business and industry and tribal governments. Fiscal year 2014 was a banner year for this program, hence the higher expenses.

### Capital Assets and Debt Administration

The District has a rolling 3-year plan to manage capital needs; it sets aside a portion of its unrestricted net position to address these needs. It will continue to focus on maintenance of facilities that had been deferred for several years and enhance classroom facilities to meet the demands of its students and the communities it serves. In the upcoming year the District plans to spend \$5.1 million on capital assets.

The District continues to evaluate construction of new facilities. It had previously identified a need for additional facilities at the White Mountain Campus in Show Low, but specific details and timing have not been finalized.

Additional information on the District's capital assets can be found in Note 4 and additional information on the District's construction in progress can be found in Note 5 to the basic financial statements.

The District currently has no long-term debt other than compensated absences, capital leases, and pension liabilities and does not anticipate acquiring new debt.

### Current Factors Having Probable Future Financial Significance

The District has four primary revenues sources: property taxes, state appropriations, government grants and contracts, and tuition and fees.

The District has historically set the property tax levy at the maximum rate allowed by statute. The District set the property tax levy at the maximum rate allowed for fiscal years 2015 and 2016. Taxpayer opposition to increases in property taxes continues to grow especially with the stagnant local economy.

Overall state appropriations used to support the District's operations increased by \$116,000, or 2 percent, for fiscal year 2015 from fiscal year 2014. The District received equalization aid of \$5.3 million in fiscal year 2015, which was a decrease of 4 percent from the prior year. STEM funding, previously known as capital appropriations, was funded for \$375,400 for fiscal year 2015. Overall state funding continues to

Navajo County Community College District  
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Management's Discussion and Analysis  
Year Ended June 30, 2015

decline with no expectation of an increase and possible elimination may be on the horizon. In a drastic move for fiscal year 2016, the State completely eliminated all state appropriations for the two largest community college districts, Maricopa and Pima. With this maneuver the state eliminated \$16.0 million in state appropriations. The impact of the State's decision to completely eliminate funding to the urban districts and how it may affect the rural community college districts is unknown.

Each year the District completes the Annual Budget Expenditure Limitation Report (ABELR) which compares budgeted expenditures of public funds to a constitutional limit. The expenditure limit is calculated using expenditures from fiscal year 1980, which are annually adjusted by inflation and enrollment. Previously, the District reported the inflation adjustment combined with the reductions in enrollment did not allow the District to keep pace with the actual growth in expenses and that a long-term solution was needed. In July 2015, the Arizona State Legislature convened a study committee on community college finance and expenditure limits. The District is a key participant in the study committee working with legislators, other community colleges, the Office of the Auditor General, and the Arizona Tax Research Association to review the expenditure limit and propose modifications. The outcome of the committee's work is uncertain.

Funding from external sources, including federal and local grants and contracts along with community and business partnerships, is important to the District. The District continuously pursues additional grant and partnership opportunities.

- The District was recently awarded a Title III grant from the U.S. Department of Education for \$1.4 million over a five year period for its Technology to Advance Learning Outcomes at Northland (TALON) proposal. A \$1.9 million grant received in fiscal year 2010 for Equitable Access to Gainful Learning Experiences (EAGLE) will end September 30, 2015.

The District continuously evaluates its tuition and fee structure. The District is limited in the amount of increases it can implement based on the demographics of its service area. The District's service area covers approximately 21,158 square miles and is comprised of one of the poorest, most remote, and least populated areas in both Arizona and the United States. In-state tuition increased 3 percent, up \$2 from \$64 to \$66 per credit hour in fiscal year 2015. The District continues to offer one of the lowest tuition rates in the State.

## Requests for Information

This discussion and analysis is designed to provide a general overview of the Navajo County Community College District's finances for all those with an interest in such matters. Questions concerning any of the information provided in the basic financial statements or requests for additional information should be addressed to Administrative Services, Northland Pioneer College, PO Box 610, Holbrook, AZ 86025.

Separate financial statements are issued for Northland Pioneer College Friends & Family and Northeast Arizona Training Center, Inc., which are both discretely presented component units of Navajo County Community College District. Complete financial statements for component units can be obtained from Northland Pioneer College, PO Box 610, Holbrook, AZ 86025.

Navajo County Community College District  
(Northland Pioneer College)  
Statement of Net Position—Primary Government  
June 30, 2015

	<u>Business-Type Activities</u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 43,865,350
Receivables (net of allowances for uncollectibles):	
Accounts	1,209,168
Property taxes	464,035
Student	773,103
Inventories	51,642
Prepaid items	208,450
Total current assets	<u>46,571,748</u>
Noncurrent assets:	
Restricted assets:	
Cash and investments	314,958
Property taxes receivable (net of allowances of \$100,000)	2,419
Student receivable (net of allowances of \$1,189,717)	70,618
Capital assets, not being depreciated	709,291
Capital assets, being depreciated, net	<u>38,352,388</u>
Total noncurrent assets	<u>39,449,674</u>
Total assets	<u>86,021,422</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to pensions	<u>2,356,319</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	731,935
Accrued payroll and employee benefits	437,207
Unearned revenues	837,588
Current portion of compensated absences payable	282,970
Current portion of capital lease payable	19,283
Total current liabilities	<u>2,308,983</u>
Noncurrent liabilities:	
Compensated absences payable	94,323
Capital lease payable	19,681
Net pension liability	<u>19,552,338</u>
Total noncurrent liabilities	<u>19,666,342</u>
Total liabilities	<u>21,975,325</u>

(Continued)

See accompanying notes to financial statements.

Navajo County Community College District  
(Northland Pioneer College)  
Statement of Net Position—Primary Government  
June 30, 2015  
(Concluded)

	<b><u>Business-Type Activities</u></b>
<b>Deferred Inflows of Resources</b>	
Deferred inflows related to pensions	<u>\$ 3,465,357</u>
<b>Net Position</b>	
Net investment in capital assets	39,022,715
Restricted:	
Nonexpendable—endowments	12,414
Expendable:	
Scholarships	238,715
Capital projects	63,829
Unrestricted	<u>23,599,386</u>
Total net position	<u>\$ 62,937,059</u>

See accompanying notes to financial statements.

Navajo County Community College District  
(Northland Pioneer College)  
Statement of Financial Position—Component Units  
June 30, 2015

	<u>NPC Friends and Family</u>	<u>Northeast Arizona Training Center, Inc.</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 71,699	\$ 40,581	\$ 112,280
Restricted cash—savings	38,091		38,091
Accounts receivable	-	1,734	1,734
Investments:			
Marketable securities	208,018		208,018
Marketable securities—restricted	128,843		128,843
Real estate	8,000		8,000
Prepaid expense	1,319	11,834	13,153
Property and equipment, net of accumulated depreciation		<u>2,124,100</u>	<u>2,124,100</u>
Total assets	<u>\$ 455,970</u>	<u>\$ 2,178,249</u>	<u>\$ 2,634,219</u>
<b>Liabilities</b>			
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net Assets</b>			
Unrestricted	251,003	2,178,249	2,429,252
Temporarily restricted	113,210		113,210
Permanently restricted	<u>91,757</u>		<u>91,757</u>
Total net assets	<u>455,970</u>	<u>2,178,249</u>	<u>2,634,219</u>
Total liabilities and net assets	<u>\$ 455,970</u>	<u>\$ 2,178,249</u>	<u>\$ 2,634,219</u>

See accompanying notes to financial statements.



Navajo County Community College District  
(Northland Pioneer College)  
Statement of Revenues, Expenses, and  
Changes in Net Position—Primary Government  
Year Ended June 30, 2015

	<b>Business-Type Activities</b>
Operating revenues:	
Tuition and fees, net of scholarship allowances of \$2,758,614	\$ 2,357,891
Government contracts	3,283,218
Bookstore income, net of scholarship allowances of \$28,523	48,491
Other sales and services	98,561
Other	236,426
Total operating revenues	6,024,587
Operating expenses:	
Educational and general:	
Instruction	10,927,034
Public service	29,159
Academic support	1,074,313
Student services	2,116,755
Institutional support	8,719,606
Operation and maintenance of plant	1,941,192
Scholarships	2,273,228
Auxiliary enterprises	399,147
Depreciation	2,053,133
Total operating expenses	29,533,567
Operating loss	(23,508,980)
Nonoperating revenues and expenses:	
Property taxes	13,980,187
State appropriations	7,276,900
Government grants	4,728,837
Private grants	297,567
Share of state sales taxes	423,082
Investment earnings	160,532
Interest expense on debt	(3,470)
Gain on disposal of capital assets	41,100
Total nonoperating revenues and expenses	26,904,735
Increase in net position	3,395,755
Total net position, as restated, July 1, 2014	59,541,304
Total net position, June 30, 2015	\$ 62,937,059

See accompanying notes to financial statements.

Navajo County Community College District  
(Northland Pioneer College)  
Statement of Activities—Component Units  
Year Ended June 30, 2015

	<u>NPC Friends and Family</u>	<u>Northeast Arizona Training Center, Inc.</u>	<u>Total</u>
<b>Changes in Unrestricted Net Assets</b>			
Contributions	\$ 28,788	\$ 700,046	\$ 728,834
Unrestricted support	14,246	40,142	54,388
Memberships and usage fees		38,750	38,750
Interest income	3,205		3,205
Rental income	6,591	24,000	30,591
Gain on sale of assets	183,940		183,940
Realized gain on investments	<u>506</u>		<u>506</u>
Total unrestricted support	<u>237,276</u>	<u>802,938</u>	<u>1,040,214</u>
Net assets released from restrictions	<u>9,383</u>		<u>9,383</u>
Total unrestricted revenues and support	<u>246,659</u>	<u>802,938</u>	<u>1,049,597</u>
Expenses:			
Program services	32,821	167,122	199,943
Support services	28,974	19,339	48,313
Interest expense		<u>23,650</u>	<u>23,650</u>
Total expenses	<u>61,795</u>	<u>210,111</u>	<u>271,906</u>
Increase in unrestricted net assets	<u>184,864</u>	<u>592,827</u>	<u>777,691</u>
<b>Changes in Temporarily Restricted Net Assets</b>			
Contributions	57,280		57,280
Interest income	1,113		1,113
Realized gain on investments	1,604		1,604
Unrealized loss on investments	(1,152)		(1,152)
Net assets released from restrictions	(9,383)		(9,383)
Investment fees	<u>(793)</u>		<u>(793)</u>
Increase in temporarily restricted net assets	<u>48,669</u>	<u>-</u>	<u>48,669</u>
<b>Changes in Permanently Restricted Net Assets</b>			
Contributions	3,500		3,500
Interest income	2,107		2,107
Realized gain on investments	5,147		5,147
Unrealized loss on investments	(876)		(876)
Investment fees	<u>(730)</u>		<u>(730)</u>
Increase in permanently restricted net assets	<u>9,148</u>	<u>-</u>	<u>9,148</u>
Increase in net assets	242,681	592,827	835,508
Net assets, beginning of year	<u>213,289</u>	<u>1,585,422</u>	<u>1,798,711</u>
Net assets, end of year	<u>\$ 455,970</u>	<u>\$ 2,178,249</u>	<u>\$ 2,634,219</u>

See accompanying notes to financial statements.

Navajo County Community College District  
(Northland Pioneer College)  
Statement of Cash Flows—Primary Government  
Year Ended June 30, 2015

	<b>Business-Type Activities</b>
Cash flows from operating activities:	
Tuition and fees	\$ 2,272,601
Government contracts	3,052,068
Bookstore receipts	48,491
Other receipts	334,987
Payments to suppliers and providers of goods and services	(6,940,109)
Payments for employee wages and benefits	(18,150,336)
Payments to students for scholarships and loans	<u>(2,273,227)</u>
Net cash used for operating activities	<u>(21,655,525)</u>
Cash flows from noncapital financing activities:	
Property taxes	13,968,580
State appropriations	7,276,900
Government grants	4,562,100
Private grants	297,567
Share of state sales taxes	<u>415,697</u>
Net cash provided by noncapital financing activities	<u>26,520,844</u>
Cash flows from capital and related financing activities:	
Property taxes	1,324
Proceeds from sale of capital assets	133,649
Purchase and construction of capital assets	(1,917,793)
Principal paid on capital lease	(18,781)
Interest paid on capital lease	<u>(3,470)</u>
Net cash used for capital and related financing activities	<u>(1,805,071)</u>
Cash flows from investing activities:	
Interest received on investments	<u>160,532</u>
Net cash provided by investing activities	<u>160,532</u>
Net increase in cash and cash equivalents	3,220,780
Cash and cash equivalents, July 1, 2014	<u>40,959,528</u>
Cash and cash equivalents, June 30, 2015	<u>\$ 44,180,308</u>

(Continued)

See accompanying notes to financial statements.

Navajo County Community College District  
(Northland Pioneer College)  
Statement of Cash Flows—Primary Government  
Year Ended June 30, 2015  
(Concluded)

	<b>Business-Type Activities</b>
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (23,508,980)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	2,053,133
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Increase in:	
Accounts receivable	(231,150)
Student loans receivable	(107,915)
Deferred outflows related to pensions	(1,081,782)
Accounts payable	44,118
Accrued payroll and employee benefits	163,440
Unearned revenues	22,625
Deferred inflows related to pensions	3,465,357
Decrease in:	
Inventories	13,293
Prepaid items	19,777
Compensated absences payable	(27,788)
Net pension liability	<u>(2,479,653)</u>
Net cash used for operating activities	<u>\$ (21,655,525)</u>
Reconciliation of cash and cash equivalents, as presented on the Statement of Net Position:	
Cash and cash equivalents	\$ 43,865,350
Restricted assets:	
Cash and investments	<u>314,958</u>
Total cash and cash equivalents, June 30, 2015	<u>\$ 44,180,308</u>

See accompanying notes to financial statements.

Navajo County Community College District  
(Northland Pioneer College)  
Notes to Financial Statements  
June 30, 2015

Note 1 - Summary of Significant Accounting Policies

Navajo County Community College District's accounting policies conform to Generally Accepted Accounting Principles (GAAP) applicable to public institutions engaged only in business-type activities adopted by the Governmental Accounting Standards Board (GASB).

For the year ended June 30, 2015, the District implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits.

A. Reporting Entity

The District is a special-purpose government that is governed by a separately elected governing body. It is legally separate and fiscally independent of other state and local governments. The accompanying financial statements present the activities of the District (the primary government) and its discretely presented component units, NPC Friends & Family, Inc., and the Northeast Arizona Training Center, Inc. (NATC).

NPC Friends & Family is a legally separate, tax-exempt organization. It acts primarily as a fund-raising organization that receives gifts and bequests, administers those resources, and disburses payments to, or on behalf of, the District for scholarships and other educational purposes. Although the District does not control the timing or amount of the receipts from NPC Friends & Family, its restricted resources can be used only by or for the benefit of the District or its constituents. Consequently, NPC Friends & Family is considered a component unit of the District and is discretely presented in the District's financial statements.

For financial reporting purposes, NPC Friends & Family follows the Financial Accounting Standards Board (FASB) standards for not-for-profit organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the NPC Friends & Family's financial information included in the District's financial report. Accordingly, those financial statements have been reported on separate pages following the District's respective counterpart financial statements. For financial reporting purposes, only NPC Friends & Family's statements of financial position and activities are included in the District's financial statements as required by GAAP for public colleges and universities. NPC Friends & Family has a June 30 year-end.

During the year ended June 30, 2015, NPC Friends & Family distributed \$13,164 to the District for both restricted and unrestricted purposes. Complete financial statements for them can be obtained from NPC Friends & Family, P.O. Box 610, Holbrook, AZ 86025-0610.

Navajo County Community College District  
(Northland Pioneer College)  
Notes to Financial Statements  
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NATC is a legally separate, tax-exempt organization. It acts primarily as a certified regional training center to meet the educational and testing needs of fire and law enforcement professionals in Northeast Arizona. The enabling legislation for NATC calls for the District to exercise operating control over NATC. Therefore, the voting members of NATC's Board of Directors are employees of the District and the District is able to significantly influence the programs, activities or level of services provided by NATC. Consequently, NATC is considered a component unit of the District and is discretely presented in the District's financial statements.

For financial reporting purposes, NATC follows the FASB standards for not-for-profit organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to NATC's financial information included in the District's financial report. Accordingly, those financial statements have been reported on separate pages following the District's respective counterpart financial statements. For financial reporting purposes, only NATC's statements of financial position and activities are included in the District's financial statements as required by GAAP for public colleges and universities. NATC has a June 30 year-end.

Complete financial statements of NATC can be obtained from the Northeast Arizona Training Center, P.O. Box 610, Holbrook, AZ 86025-0610.

## B. Basis of Presentation and Accounting

The basic financial statements include a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows.

A statement of net position provides information about the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at the end of the year. Assets and liabilities are classified as either current or noncurrent. Net position is classified according to external donor restrictions or availability of assets to satisfy the District's obligations. Net investment in capital assets represents the value of capital assets, net of accumulated depreciation, less any outstanding debt incurred to acquire or construct the assets. Nonexpendable restricted net position includes gifts that have been received for endowment purposes, the corpus of which cannot be expended. Expendable restricted net position represents grants, contracts, gifts, and other resources that have been externally restricted for specific purposes. Unrestricted net position consists of all other resources, including those that have been designated by management to be used for other than general operating purposes.

A statement of revenues, expenses, and changes in net position provides information about the District's financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net position are reported, including capital contributions and additions to endowments. Operating revenues and expenses generally result from exchange transactions. Accordingly, revenues such as tuition and

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bookstore charges, in which each party receives and gives up essentially equal values, are considered operating revenues. Other revenues, such as property taxes, state appropriations and government grants, result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered to be nonoperating expenses.

A statement of cash flows provides information about the District's sources and uses of cash and cash equivalents during the year. Increases and decreases in cash and cash equivalents are classified as operating, noncapital financing, capital financing, or investing.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenues in the year for which they are levied. State appropriations are recognized as revenue in the year in which the appropriation is first made available for use. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met. The District eliminates all internal activity.

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

### C. Cash and Investments

For the statement of cash flows, the District's cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the County Treasurer, investments in the State Treasurer's Local Government Investment Pool, and highly liquid investments with a maturity of 3 months or less when purchased. All investments are stated at fair value.

### D. Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market.

### E. Capital Assets

Capital assets are reported at actual cost, or estimated historical cost if historical records are not available. Donated assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the financial statements are as follows:

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	<b>Capitalization Threshold</b>	<b>Depreciation Method</b>	<b>Estimated Useful Life</b>
Land	\$5,000	Not applicable	Not applicable
Buildings	5,000	Straight-line	10 – 40 years
Improvements other than buildings	5,000	Straight-line	20 – 40 years
Equipment	5,000	Straight-line	5 – 10 years
Library books	All	Straight-line	10 years

### F. Deferred Outflows and Inflows of Resources

The statement of net position includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense in future periods. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will be recognized as revenue in future periods.

### G. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### H. Investment Earnings

Investment earnings are composed of interest, dividends, and net changes in the fair value of applicable investments.

### I. Compensated Absences

Compensated absences payable consists of vacation leave employees earned based on services already rendered.

Employees may accumulate up to 224 hours of vacation depending on years of service, but they forfeit any unused vacation hours in excess of the maximum amount at the end of August each year. Upon terminating employment, the District pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the financial statements.

Employees may accumulate up to 1040 hours of sick leave. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but employees forfeit them upon



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terminating employment. Because sick leave benefits do not vest with employees a liability for sick leave benefits is not accrued in the financial statements.

### J. Scholarship Allowances

A scholarship allowance is the difference between the stated charge for goods and services the District provides and the amount that the student or third parties making payments on the student's behalf pay. Accordingly, some types of student financial aid, such as Pell grants and scholarships the District awards, are considered scholarship allowances. These allowances are netted against tuition and fees revenues, and bookstore income in the statement of revenues, expenses, and changes in net position.

### Note 2 - Change in Accounting Principle

Net position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

	Primary Government
Net position as previously reported at June 30, 2014	\$ 80,298,758
Prior period adjustment-implementation of GASB 68:	
Net pension liability (measurement date as of June 30, 2013)	(22,031,991)
Deferred outflows-district contributions made during fiscal year 2014	<u>1,274,537</u>
Total prior period adjustment	<u>(20,757,454)</u>
Net position as restated, July 1, 2014	<u>\$ 59,541,304</u>

### Note 3 - Deposits and Investments

Arizona Revised Statutes (A.R.S.) requires the District to deposit special tax levies for the District's maintenance or capital outlay with the County Treasurer. A.R.S. does not require the District to deposit other public monies in its custody with the County Treasurer; however, the District must act as a prudent person dealing with another's property when making investment decisions about those monies. A.R.S. requires collateral for deposits at 102 percent of all deposits not covered by federal depository insurance. A.R.S. does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the District's investments.

**Deposits**—At June 30, 2015, the carrying amount of the District's deposits was \$2,327,325, and the bank balance was \$2,445,749. The District does not have a policy for custodial credit risk.

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**Investments**—The District’s investments at June 30, 2015, were as follows:

<b>Investment Type</b>	<b>Amount</b>
State Treasurer’s investment pool 5	\$16,332,947
County Treasurer’s investment pool	<u>25,514,429</u>
Total	<u>\$41,847,376</u>

The State Board of Investment provides oversight for the State Treasurer’s pools. The fair value of a participant’s position in the pool approximates the value of that participant’s pool shares, and the participant’s shares are not identified with specific investments. No comparable oversight is provided for the County Treasurer’s investment pool, and that pool’s structure does not provide for shares.

*Credit risk*—The District does not have a formal policy for credit risk. At June 30, 2015, credit risk for the District’s investments was as follows:

<b>Investment Type</b>	<b>Rating</b>	<b>Rating Agency</b>	<b>Amount</b>
State Treasurer’s investment pool 5	AAAf/S1+	Standard and Poor’s	\$16,332,947
County Treasurer’s investment pool	Unrated	Not applicable	<u>25,514,429</u>
Total			<u>\$41,847,376</u>

*Custodial Credit Risk*—For an investment, custodial credit risk is the risk that, in the event of the counterparty’s failure, the District will not be able to recover the value of its investments or collateral securities that are in an outside party’s possession. The District does not have a formal investment policy for custodial credit risk.

*Concentration of Credit Risk*—The District does not have a formal policy for concentration of credit risk.

*Interest Rate Risk*—The District does not have a formal policy for interest rate risk. At June 30, 2015, the District had the following investments in debt securities:

<b>Investment Type</b>	<b>Amount</b>	<b>Weighted Average Maturity</b>
State Treasurer’s investment pool 5	\$16,332,947	1.56 months
County Treasurer’s investment pool	<u>25,514,429</u>	27.94 months
Total	<u>\$41,847,376</u>	

A reconciliation of cash, deposits, and investments to amounts shown on the Statement of Net Position follows:

Cash, deposits, and investments:		Statement of Net Position:	
Cash on hand	\$ 5,607	Cash and cash equivalents	\$43,865,350
Amount of deposits	2,327,325	Restricted assets:	
Amount of investments	<u>41,847,376</u>	Cash and investments	<u>314,958</u>
Total	<u>\$44,180,308</u>	Total	<u>\$44,180,308</u>

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Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

	<b>Balance July 1, 2014</b>	<b>Increases</b>	<b>Adjustments</b>	<b>Decreases</b>	<b>Balance June 30, 2015</b>
Capital assets not being depreciated:					
Land	\$ 709,291				\$ 709,291
Construction in progress	<u>125,770</u>	<u>\$1,262,070</u>		<u>\$1,387,840</u>	<u>                    </u>
Total capital assets not being depreciated	<u>835,061</u>	<u>1,262,070</u>		<u>1,387,840</u>	<u>709,291</u>
Capital assets being depreciated:					
Buildings	39,394,264	1,379,441			40,773,705
Equipment	6,717,582	592,966		1,858,257	5,452,291
Improvements other than buildings	9,581,823	8,399			9,590,222
Library books	<u>608,508</u>	<u>62,758</u>		<u>55,994</u>	<u>615,272</u>
Total capital assets being depreciated	<u>56,302,177</u>	<u>2,043,564</u>		<u>1,914,251</u>	<u>56,431,490</u>
Less accumulated depreciation for:					
Buildings	\$10,775,565	\$ 984,948	\$ 7,110		\$11,767,623
Equipment	3,977,014	712,042	(6,136)	\$1,766,682	2,916,238
Improvements other than buildings	2,757,778	306,992			3,064,770
Library books	<u>337,314</u>	<u>49,151</u>		<u>55,994</u>	<u>330,471</u>
Total accumulated depreciation	<u>17,847,671</u>	<u>2,053,133</u>	<u>974</u>	<u>1,822,676</u>	<u>18,079,102</u>
Total capital assets being depreciated, net	<u>38,454,506</u>	<u>(9,570)</u>	<u>(974)</u>	<u>91,575</u>	<u>38,352,388</u>
Capital assets, net	<u>\$39,289,567</u>	<u>\$1,252,500</u>	<u>\$ (974)</u>	<u>\$1,479,415</u>	<u>\$39,061,679</u>

Note 5 - Construction Commitments

The District completed major contractual commitments related to various capital projects at June 30, 2015, including remodeling projects on the Painted Desert Campus located in Holbrook, the Silver Creek Campus located in Snowflake/Taylor, the White Mountain Campus located in Show Low, the Little Colorado Campus located in Winslow, and the Whiteriver Center located in Whiteriver. During fiscal year 2015, the District spent \$1,262,070 on these projects and had no remaining contractual commitments with those contractors.

As of June 30, 2015, the District had entered into a contract for remodeling the Nursing Lab and had not begun construction nor incurred any project costs. The bid for the job was originally under the capitalization threshold; however, a change order in late July increased the job to \$14,000 total. These projects are being financed by unrestricted net position designated by the District Governing Board for these purposes.

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Note 6 - Long-Term Liabilities

The following schedule details the District's long-term liability and obligation activity for the year ended June 30, 2015:

	Balance July 1, 2014, restated	Additions	Reductions	Balance June 30, 2015	Due within 1 year
Compensated absences payable	\$ 405,081	\$295,232	\$ 323,020	\$ 377,293	\$282,970
Capital leases payable	57,745		18,781	38,964	19,283
Net pension liability	<u>22,031,991</u>		<u>2,479,653</u>	<u>19,552,338</u>	
Total long-term liabilities	<u>\$22,494,817</u>	<u>\$295,232</u>	<u>\$2,821,454</u>	<u>\$19,968,595</u>	<u>\$302,253</u>

**Capital leases**—The District has acquired printing and duplicating equipment under the provisions of long-term lease agreements classified as a capital leases for accounting purposes because it provides for a bargain purchase option.

The assets acquired through capital leases are as follows:

Equipment	\$96,587
Less: accumulated depreciation	<u>38,635</u>
Net carrying value	<u>\$57,952</u>

The following schedule details debt service requirements to maturity for the District's capital leases payable at June 30, 2015:

<u>Year ending June 30</u>	
2016	\$22,251
2017	<u>22,251</u>
Total minimum lease payments	44,502
Less amount representing interest	<u>5,538</u>
Present value of net minimum lease payments	<u>\$38,964</u>

Note 7 - Termination Benefits

The District offered a Voluntary Early Separation Plan (Plan) for faculty and staff effective January 1, 2015. The purpose of the plan was to assist faculty and staff members who were actively employed by the District and wanted to elect early separation. Participation in the plan was totally voluntary on the part of an eligible employee.

Eligible employees were required to provide an Application for Separation by March 10, 2015. The District reserved the right not to accept an employee's offer to separate based on the needs of the District. The Plan allowed for no more than 25 employees separating at designated times in 2015 and 2016.

Eligible employees had to meet four requirements:

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- a. Be a full-time employee of the District in a benefit eligible position as of January 1, 2015;
- b. Be a full-time employee of the District in a benefit eligible position during the entire last semester before the employee's separation;
- c. The employee had not submitted a resignation/retirement form with the District prior to September 1, 2014, and
- d. As of June 30, 2015, the employee would have accumulated 15 years of service in full time benefit eligible positions with the District.

Each employee who volunteered for the Plan was eligible to receive a separation payment of either 30% of base salary or \$20,000, whichever was higher. The employee was allowed to take the separation payment as a lump sum payment or have it distributed over a 24-month period. A total of 13 employees volunteered for the Plan at a total cost to the District of \$263,566, of which \$100,562 was paid in fiscal year 2015, \$153,004 will be paid in fiscal year 2016 and \$10,000 paid in fiscal year 2017. The District recognized a liability of \$163,004 in fiscal year 2015 related to future payments.

#### Note 8 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates with other Arizona community college districts and school districts in the Arizona School Risk Retention Trust, Inc. (Trust), a public entity risk pool. The Trust insures the District against liabilities arising from general liability, professional liability, property, automobile, and commercial crime risks. The coverage limit for general liability is \$50 million with no deductible except for employer's liability which is \$500,000. The coverage limit for professional liability is \$10 million with no deductible. The coverage limit for property insurance is \$56 million with a \$1,000 deductible. The coverage limit for automobile liability is \$10 million with no deductible. The coverage limit for commercial crime is \$1.5 million with a \$100 deductible. The coverage limit for cyber liability is \$1 million with a \$5,000 deductible.

The Trust's operating agreement includes a provision for the member to be charged an additional assessment in the event that total claims paid by the Trust exceed the members' contributions and reserves in any one year. The District will be charged for any such assessment in the following year. The District has never been charged such an assessment.

The District also carries commercial insurance for other risks of loss, including workers' compensation, accidental death and dismemberment for students and employees, employee travel, and extended reporting for errors and omissions. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the past 3 fiscal years. There were no uninsured losses in the year ended June 30, 2015. The no-fault mold coverage is limited to \$25,000 per campus and covers direct physical loss or damage caused by fungus, wet or dry rot, or bacteria, including the cost of removal and the cost for clearance testing. The limitation is for mold damage not linked to a specific occurrence. Property damage insurance continues to be available for occurrences reported within 30 days of the event.

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The District participates with several local school districts in the Navajo County Schools Employee Benefit Trust (Trust). The District uses the Trust to manage risks of loss related to employee health and accident claims. The Trust is a public entity risk pool operating as a common risk management and insurance program for its member school districts. The Trust is funded by irrevocable contributions from the District for employee coverage and from employees for dependent coverage. The Trust, which is managed by a separate board of directors, allows the fund to be self-funded, insured, or both. Additionally, if the Trust becomes insolvent, the District may be assessed, on a pro-rata basis, an additional assessment not to exceed the amount of the annual contribution. Should the District withdraw from the Trust, it would then be responsible for its proportional share of claims and would forfeit all rights to the return of any surplus, unearned contributions, or other legally permitted distributions from the Trust. Whether the District withdraws or the Trust becomes insolvent, the District remains liable for assessments for liabilities of the Trust incurred during the District's period of membership in the Trust. The Trust has not assessed the District any additional assessments above its annual contribution in any of the past 3 fiscal years.

**Note 9 - Operating Leases**

The District leases land, classroom and office space, information systems equipment, and vehicles under the provisions of various long-term lease agreements classified as operating leases for accounting purposes. Rental expenses under the terms of the operating leases were \$283,111 for the year ended June 30, 2015. The operating leases have remaining non-cancelable terms of 1 to 6 years and provide renewal options.

The following future minimum payments were required under the operating leases at June 30, 2015:

Year ending June 30	
2016	\$ 264,789
2017	187,729
2018	178,050
2019	136,369
2020	33,622
2021	<u>34,967</u>
Total minimum lease payments	<u>\$835,526</u>

**Note 10 - Pension and Other Postemployment Benefits**

**Plan descriptions**— District employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. ASRS is a component unit of

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the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its Web site at [www.azasrs.gov](http://www.azasrs.gov).

**Benefits provided**—The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefits terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	<b>Retirement</b>	
	<b>Initial membership date:</b>	
	<b>Before July 1, 2011</b>	<b>On or after July 1, 2011</b>
Years of service and age required to receive benefit	Sum of years and age equal 80 10 years age 62 5 years age 50* any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* any years age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

\* With actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

**Contributions**—In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2015, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.6 percent (11.48 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 11.6 percent (10.89 percent for retirement, 0.59 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll. In addition, the District was required by statute to contribute at the actuarially determined rate of 9.57

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percent (9.31 percent for retirement, 0.20 percent for health insurance premium benefit, and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked for the District in positions that would typically be filled by an employee who contributes to the ASRS. The District's contributions to the pension plan for the year ended June 30, 2015, were \$1,362,612. The District's contributions for the current and 2 preceding years for OPEB, all of which were equal to the required contributions, were as follows:

Year ended June 30,	<b>Health Benefit Supplement Fund</b>	<b>Long-Term Disability Fund</b>
2015	\$70,856	\$14,749
2014	68,618	27,438
2013	73,340	27,076

**Pension liability**—At June 30, 2015, the District reported a liability of \$19,552,338 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employer's contributions for the year ended June 30, 2014. The District's proportion measured as of June 30, 2014, was .132141 percent, which was a decrease of .000388 from its proportion measured as of June 30, 2013.

**Pension expense and deferred outflows/inflows of resources**—For the year ended June 30, 2015, the District recognized pension expense for ASRS of \$1,266,534. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 993,707	
Net difference between projected and actual earnings on pension plan investments		\$3,419,100
Changes in proportion and differences between district contributions and proportionate share of contributions		46,257
District contributions subsequent to the measurement date	<u>1,362,612</u>	
Total	<u>\$2,356,319</u>	<u>\$3,465,357</u>



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The \$1,362,612 reported as deferred outflows of resources related to ASRS pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year ended June 30,	
2016	\$(442,840)
2017	(442,840)
2018	(731,195)
2019	(854,775)

**Actuarial assumptions**—The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2013
Actuarial roll forward date	June 30, 2014
Actuarial cost method	Entry age normal
Investment Rate of Return	8%
Projected salary increases	3 - 6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	63%	7.03%
Fixed income	25%	3.20%
Real estate	8%	4.75%
Commodities	<u>4%</u>	4.50%
Total	<u>100%</u>	

**Discount rate**—The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the District’s proportionate share of the ASRS net pension liability to changes in the discount rate**—The following table presents the District’s proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate:

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
District’s proportionate share of the net pension liability	\$24,713,153	\$19,552,338	\$16,752,337

**Pension plan fiduciary net position**—Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report.

**Pension contributions payable**—The District’s accrued payroll and employee benefits included \$1,383 of outstanding pension contribution amounts payable to ASRS for the year ended June 30, 2015.

## Note 11 - Operating Expenses

The District’s operating expenses are presented by functional classification in the Statement of Revenues, Expenses, and Changes in Net Position—Primary Government. The operating expenses can also be classified into the following:

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Compensation and benefits	\$18,189,910
Contract services	2,109,597
Supplies and other services	3,775,418
Communications and utilities	1,146,620
Scholarships	2,273,228
Depreciation	2,053,133
Other	<u>(14,339)</u>
Total	<u>\$29,533,567</u>

The District uses credit cards to pay certain vendors for goods or services. The District did not receive any reward, discount, incentive or other financial consideration resulting from credit card payments for the year ended June 30, 2015.

## Note 12 - Discretely Presented Component Unit Disclosures

### A. Summary of Significant Accounting Policies

The significant accounting policies of NPC Friends & Family and NATC are described below to enhance the usefulness of the financial statements to the reader.

**Nature of the Component Units**—NPC Friends & Family is a not-for-profit corporation operating in accordance with Section 501(c)(3) of the Internal Revenue Code. It is located in Snowflake, AZ, and provides supplemental philanthropic support for students, programs and services that advance the mission of Northland Pioneer College (College). NPC Friends & Family receives cash contributions, gifts, membership dues, and rental income, and administers and invests securities and property, conducts special-event fundraisers, and disburses payments to the College for educational purposes.

NATC is a not-for-profit corporation operating in accordance with Section 501(c)(3) of the Internal Revenue Code. NATC owns and operates a regional training center located in Taylor, AZ, which is utilized by fire and law enforcement personnel throughout Northeast Arizona. NATC derives its operating revenues primarily through membership dues paid by the various user agencies and through user fees charged to other private organizations.

**Basis of Accounting**—The financial statements of NPC Friends & Family and NATC have been prepared on the accrual basis of accounting. All revenues received for support of current operations are immediately recorded as revenues while revenues received for support of future operations are deferred and recognized over the periods to which the revenues relate.

**Financial Statement Presentation**—NPC Friends & Family and NATC are required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Navajo County Community College District  
(Northland Pioneer College)  
Notes to Financial Statements  
June 30, 2015

**Income Taxes**—NPC Friends & Family and NATC are exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 43-1201 of the Arizona Revised Statutes. Therefore, the accompanying financial statements contain no provision or liability for income taxes. In addition, NPC Friends & Family qualifies for the charitable deduction under Internal Revenue Section 170(b)(1)(A).

NPC Friends & Family and NATC file informational tax returns with the U.S. federal and Arizona state governments.

**Use of Estimates**—The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**—NPC Friends & Family and NATC recognize highly liquid investments with an original maturity of three months or less as cash equivalents and are stated at fair value.

**Investments**—NPC Friends & Family recognizes investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets.

NATC has no investments as of June 30, 2015.

**Property & Equipment**—NPC Friends & Family capitalizes purchased property and equipment, with estimated useful lives of more than one year, at cost. Donations of property and equipment are recorded as contributions at their estimated fair value on the date of donation. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the related assets, which range from 10 to 40 years.

NATC capitalizes purchased property and equipment with a cost of \$5,000 or more and having estimated useful lives of more than one year. Property and equipment are recorded at cost or, for donated items, at their estimated fair value on the date of donation. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the related assets, which range from 5 to 50 years.

**Contributions**—NPC Friends & Family and NATC record contributions received as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Navajo County Community College District  
(Northland Pioneer College)  
Notes to Financial Statements  
June 30, 2015

**Endowment Funds**—NPC Friends & Family is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which requires enhanced disclosures for all its endowment funds. UPMIFA provides NPC Friends & Family with guidance on accounting for the net asset classification of such endowment funds.

**Property Held for Sale**—NPC Friends & Family receives certain assets from donors that are held for resale. Such assets are recorded at their approximate fair market values at the date of donation. Property held for sale as of June 30, 2015 is reported as real estate investments.

**Date of Management’s Review**—Management has reviewed events subsequent to June 30, 2015, up through the financial statements report date, for NPC Friends & Family, September 30, 2015, and for NATC, September 30, 2015. Management has also reviewed events subsequent to the component units financial statement report date up through the District’s financial statements report date to evaluate their effect on the fair presentation of the financial statements. As of the District’s report date, there have been no events subsequent to June 30, 2015, that are required to be disclosed in order to present fairly the financial position and changes in net assets of either NPC Friends & Family or of NATC.

**B. Cash**

The total cash held by NPC Friends & Family and NATC at June 30, 2015, are as follows:

	<b>NPC Friends and Family</b>	<b>NATC</b>
Checking	\$ 34,985	\$40,581
Money market	36,714	
Savings	<u>38,091</u>	
	<u>\$109,790</u>	<u>\$40,581</u>
Unrestricted cash	\$ 71,699	\$40,581
Restricted cash	<u>38,091</u>	
	<u>\$109,790</u>	<u>\$40,581</u>

**C. Investments**

For the year ended June 30, 2015, NPC Friends & Family had investments consisting of marketable securities held with Edward Jones and real estate comprising several lots of land. The marketable securities have a fair value of \$336,861 and the real estate value was approximately \$8,000 as of June 30, 2015.

NATC had no investments as of June 30, 2015.

Navajo County Community College District  
(Northland Pioneer College)  
Notes to Financial Statements  
June 30, 2015

**D. Property and Equipment**

The total property and equipment held by NATC at June 30, 2015, are as follows:

	<b>NATC</b>
Land	\$ 110,000
Buildings	620,740
Training facilities	<u>2,111,514</u>
	2,842,254
Less accumulated depreciation	<u>(718,154)</u>
	<u><u>\$2,124,100</u></u>

NPC Friends and Family had no property and equipment as of June 30, 2015.

**E. Restrictions on Net Assets**

NPC Friends & Family had temporarily restricted net assets in the amount of \$113,210 as of June 30, 2015, consisting of donated contributions and investment earnings, which are available for scholarships in future years. NPC Friends & Family had permanently restricted net assets of \$91,757 as of June 30, 2015, representing endowed scholarship funds.

NATC had no restricted net assets as of June 30, 2015.

**F. Endowment Funds**

The NPC Friends & Family endowment consists of funds established for the Martia A. Smith Memorial Art Scholarship, the Charles E. Lizitsky Scholarship, and NPC Friends & Family.

As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of NPC Friends & Family has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, NPC Friends & Family classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by NPC Friends & Family in a manner consistent with the standard of prudence prescribed by UPMIFA.

Navajo County Community College District  
(Northland Pioneer College)  
Notes to Financial Statements  
June 30, 2015

NATC had no endowment funds as of June 30, 2015.

### G. Related Parties

For the year ended June 30, 2015, NPC Friends & Family received support from the College. The Executive Director for NPC Friends & Family is a part-time employee of the College. The value for this service is not recorded on NPC Friends & Family's financial statements.

For the year ended June 30, 2015 NATC received certain use of facilities and staff services from the College. However, since these provided facilities and services also benefit NPC's educational programs, no value for these amounts are recorded on NATC's financial statements. The College also leases the training facility and equipment owned by NATC on a year-to-year lease. The lease income to NATC from NPC was \$24,000 for the year ended June 30, 2015.

Northland Pioneer College paid for the construction of a new classroom building at the NATC training facility. This building was capitalized by NATC as property and equipment and a corresponding donation from Northland Pioneer College was recognized. Northland Pioneer College also paid for other supply items for NATC, which were recorded as donations from Northland Pioneer College. The total donation from Northland Pioneer College for the building and other items was \$372,372. These contributions were made from the remaining restricted Capital State Aid Appropriations that were allocated to NATC. In fiscal year 2007-08, the Arizona State Legislature passed S.B. 1115 that appropriated \$2 million from the state General Fund to Northland Pioneer College to the NATC Board of Directors for construction costs for a public safety and emergency services training facility.

In May 2015, Northland Pioneer College paid the outstanding loan to the Town of Taylor for the Greater Arizona Development Authority (GADA) loan. The principal and interest paid off on this loan was \$327,675, which was recorded as a donation from Northland Pioneer College.

## **Required Supplementary Information**



Navajo County Community College District  
(Northland Pioneer College)  
Required Supplementary Information  
Schedule of District's Proportionate Share of Net Pension Liability  
Year Ended June 30, 2015

<b>Arizona State Retirement System</b>	<b>Reporting Fiscal Year (Measurement Date)</b>	
	<b>2015 (2014)</b>	<b>2014 through 2006</b>
District's proportion of the net pension liability	0.132141%	Information
District's proportionate share of the net pension liability	\$19,552,338	not available
District's covered-employee payroll	\$13,317,993	
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	146.81%	
Plan fiduciary net position as percentage of the total pension liability	69.49%	

Navajo County Community College District  
(Northland Pioneer College)  
Required Supplementary Information  
Schedule of District's Pension Contributions  
Year Ended June 30, 2015

<b>Arizona State Retirement System</b>	<b>Reporting Fiscal Year</b>		<b>2013 through 2006</b>
	<b>2015</b>	<b>2014</b>	
Statutorily required contribution	\$ 1,362,612	\$ 1,223,689	Information not available
District's contributions in relation to the statutorily required contribution	<u>1,362,612</u>	<u>1,223,689</u>	
District's contribution deficiency (excess)	<u>-</u>	<u>-</u>	
District's covered-employee payroll	\$14,152,578	\$13,317,993	
District's contributions as a percentage of covered-employee payroll	9.63%	9.19%	

# Statistical Section



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**Northland Pioneer College**  
EXPANDING MINDS • TRANSFORMING LIVES<sup>SM</sup>

## **Statistical Section Introduction**

In accordance with Governmental Accounting Standards Boards Statement No. 44, Economic Condition Reporting: This is the statistical section of Navajo County Community College District's (the District) CAFR (comprehensive annual financial report). The information in this section is presented in detail and is compiled data over ten years that addresses key areas that relate to the overall nature of the institution.

### **Financial Trends**

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over-time.

### **Revenue Capacity**

These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

### **Operating Information**

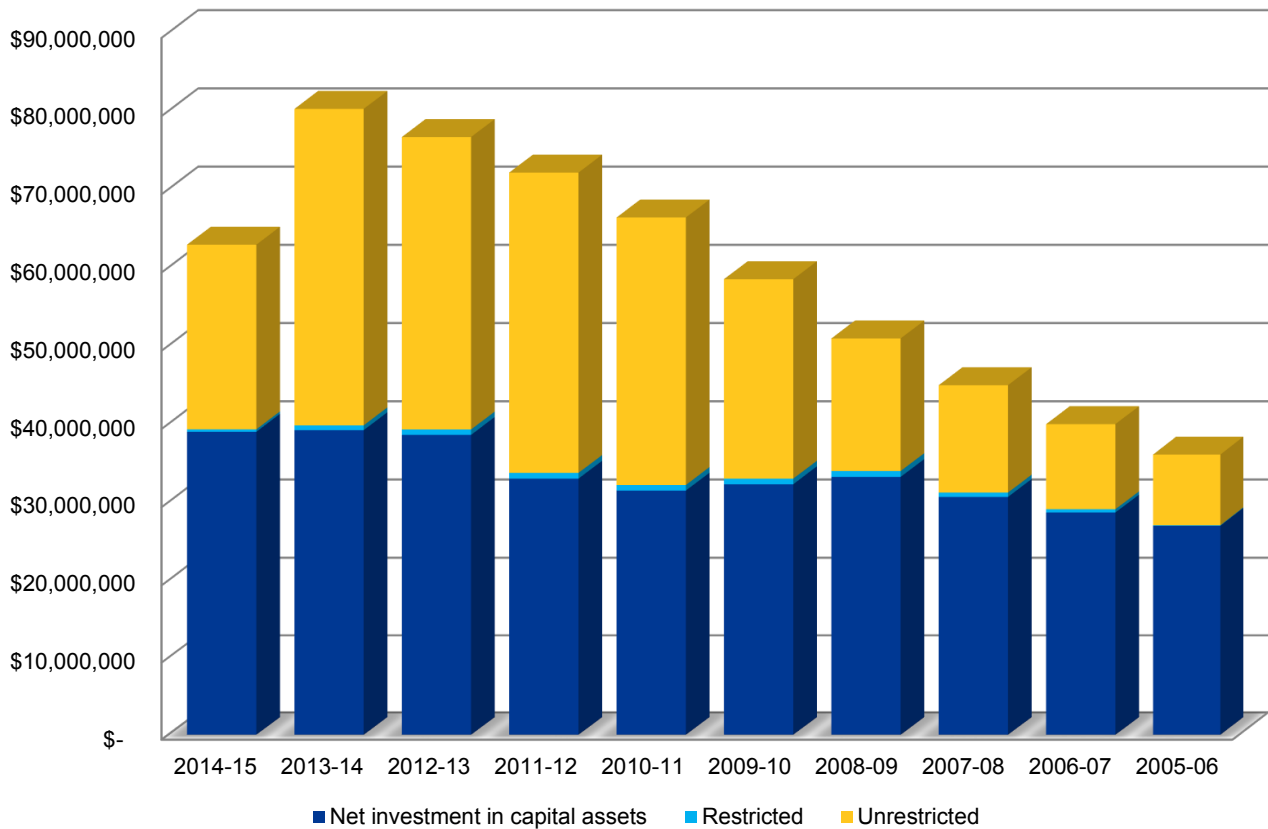
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

**Navajo County Community College District  
(Northland Pioneer College)  
Net Position by Component  
Last Ten Fiscal Years**

	2014-15	2013-14	2012-13	2011-12	2010-11
Primary government					
Net investment in capital assets	\$ 39,022,715	\$ 39,231,822	\$ 38,626,891	\$ 33,030,762	\$ 31,503,651
Restricted	314,958	612,712	691,628	735,512	717,570
Unrestricted	23,599,386	40,454,224	37,382,691	38,388,993	34,195,371
Total primary government net position	<u>\$ 62,937,059</u>	<u>\$ 80,298,758</u>	<u>\$ 76,701,210</u>	<u>\$ 72,155,267</u>	<u>\$ 66,416,592</u>

	2009-10	2008-09	2007-08	2006-07	2005-06
Primary government					
Net investment in capital assets	\$ 32,314,878	\$ 33,252,059	\$ 30,693,926	\$ 28,703,360	\$ 27,003,288
Restricted	716,192	750,289	560,887	417,583	72,871
Unrestricted	25,496,949	16,951,989	13,723,069	10,881,445	9,030,144
Total primary government net position	<u>\$ 58,528,019</u>	<u>\$ 50,954,337</u>	<u>\$ 44,977,882</u>	<u>\$ 40,002,388</u>	<u>\$ 36,106,303</u>

**Net Position by Component**



**Source:**

Audited financial statements.

**Navajo County Community College District  
(Northland Pioneer College)  
Changes in Net Position  
Last Ten Fiscal Years**

	2014-15	2013-14	2012-13	2011-12 (1)	2010-11 (2)	2009-10	2008-09	2007-08	2006-07	2005-06
<b>Operating revenues:</b>										
Tuition and fees,										
net scholarship allowances	\$ 2,357,891	\$ 2,295,137	\$ 2,466,640	\$ 2,690,260	\$ 2,319,373	\$ 3,062,113	\$ 2,824,047	\$ 2,483,223	\$ 2,361,668	\$ 2,390,338
Government contracts (3)	3,283,218	3,156,936	2,969,273	2,638,049	2,060,376	1,868,359	2,058,901	3,032,846	1,014,145	1,511,652
Bookstore income, net of										
scholarship allowances	48,491	66,720	42,460	33,564	28,892	701,123	803,661	995,347	678,774	849,174
Other	334,987	352,295	379,831	291,648	369,299	297,825	247,370	172,720	211,818	231,919
<b>Total operating revenues</b>	<b>6,024,587</b>	<b>5,871,088</b>	<b>5,858,204</b>	<b>5,653,521</b>	<b>4,777,940</b>	<b>5,929,420</b>	<b>5,933,979</b>	<b>6,684,136</b>	<b>4,266,405</b>	<b>4,983,083</b>
<b>Operating expenses:</b>										
Instruction	10,927,034	9,761,727	9,660,102	8,827,606	8,450,971	9,067,801	10,565,902	10,355,967	9,305,328	9,299,812
Public service	29,159	35,889	29,387	25,647	13,128	14,178	14,126	12,562	9,548	10,020
Academic support	1,074,313	1,046,927	1,047,037	1,009,880	996,556	985,173	785,099	803,190	817,101	874,888
Student services	2,116,755	2,143,989	2,151,538	2,015,021	1,532,942	3,750,620	3,364,710	3,018,052	2,585,022	2,395,805
Institutional Support	8,719,606	8,475,611	8,308,926	8,481,782	6,681,808	7,151,218	7,814,683	7,141,298	6,789,420	5,583,393
Operation and maintenance										
of plant	1,941,192	2,118,547	1,867,890	1,758,007	1,563,034	1,599,258	2,037,490	2,182,091	1,725,738	1,831,712
Scholarships	2,273,228	2,240,669	2,570,647	3,094,923	3,128,320	609,337	980,151	602,880	555,108	
Auxiliary enterprises	399,147	559,067	451,470	404,767	1,217,755	1,270,886	1,547,548	1,508,514	1,551,240	1,479,195
Depreciation	2,053,133	1,838,484	1,544,414	1,366,808	1,320,494	1,435,550	1,234,076	2,195,985	1,130,750	1,132,385
<b>Total operating expenses</b>	<b>29,533,567</b>	<b>28,220,910</b>	<b>27,631,411</b>	<b>26,984,441</b>	<b>24,905,008</b>	<b>25,884,021</b>	<b>28,343,785</b>	<b>27,847,820</b>	<b>24,517,027</b>	<b>23,162,318</b>
<b>Operating loss</b>	<b>(23,508,980)</b>	<b>(22,349,822)</b>	<b>(21,773,207)</b>	<b>(21,330,920)</b>	<b>(20,127,068)</b>	<b>(19,954,601)</b>	<b>(22,409,806)</b>	<b>(21,163,684)</b>	<b>(20,250,622)</b>	<b>(18,179,235)</b>
<b>Nonoperating revenues</b>										
<b>(expenses):</b>										
Property taxes	13,980,187	13,153,327	13,180,294	12,703,703	11,988,497	11,353,707	12,321,619	11,651,832	11,022,566	11,122,948
State appropriations	6,901,500	7,160,800	7,059,800	8,181,800	10,214,000	10,214,000	9,807,911	9,717,500	7,784,925	7,147,900
Government grants (3)	4,728,837	4,740,596	5,018,111	5,502,290	4,955,825	4,956,184	5,083,645	3,146,431	3,266,321	3,241,987
Private grants (4)	297,567	304,219	325,919	360,370	345,534	450,763	529,310	871,651	636,211	339,768
Share of state sales taxes	423,082	435,192	545,682	372,308	386,743	422,737	453,912	487,131	512,032	474,307
Investment earnings	160,532	148,526	170,717	136,283	124,907	130,891	257,027	502,903	540,886	205,191
Interest expense	(3,470)	(5,138)	-	(6,854)	(3,428)	-	(67,163)	(131,411)	(185,709)	(226,053)
Gain/(loss) on disposal of										
capital assets	41,100	(112,752)	18,627	(180,305)	3,563	-	-	(612,459)	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>Total nonoperating revenues</b>	<b>26,529,335</b>	<b>25,824,770</b>	<b>26,319,150</b>	<b>27,069,595</b>	<b>28,015,641</b>	<b>27,528,282</b>	<b>28,386,261</b>	<b>25,633,578</b>	<b>23,577,232</b>	<b>22,306,048</b>
<b>Income before other revenues,</b>										
<b>expenses, gains or loss</b>	<b>3,020,355</b>	<b>3,474,948</b>	<b>4,545,943</b>	<b>5,738,675</b>	<b>7,888,573</b>	<b>7,573,682</b>	<b>5,976,455</b>	<b>4,469,894</b>	<b>3,326,610</b>	<b>4,126,813</b>
<b>Capital appropriations</b>	<b>375,400</b>	<b>122,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>505,600</b>	<b>569,475</b>	<b>576,900</b>
<b>Increase in net position</b>	<b>3,395,755</b>	<b>3,597,548</b>	<b>4,545,943</b>	<b>5,738,675</b>	<b>7,888,573</b>	<b>7,573,682</b>	<b>5,976,455</b>	<b>4,975,494</b>	<b>3,896,085</b>	<b>4,703,713</b>
Total net position, July 1 (5)	59,541,304	76,701,210	72,155,267	66,416,592	58,528,019	50,954,337	44,977,882	40,002,388	36,106,303	31,402,590
Total net position, June 30	\$ 62,937,059	\$ 80,298,758	\$ 76,701,210	\$ 72,155,267	\$ 66,416,592	\$ 58,528,019	\$ 50,954,337	\$ 44,977,882	\$ 40,002,388	\$ 36,106,303

**Source:**

Audited financial statements except as reclassified in (3) and (4).

**Notes:**

(1) Starting in fiscal year 2011-12, Tuition and fees, net of scholarship allowances and Government contracts were adjusted to reclassify tuition waivers associated with an intergovernment agreement as a scholarship allowance.

(2) Starting in fiscal year 2010-11, expenses for Scholarships and Students services were adjusted to reclassify payments made to students for student financial aid and scholarships. These payments were reported as Student services in prior years.

(3) In fiscal year 2007-08, Government grants, which were included with Government contracts, were reclassified from operating revenues to nonoperating revenues. For comparability purposes, prior years have been reclassified.

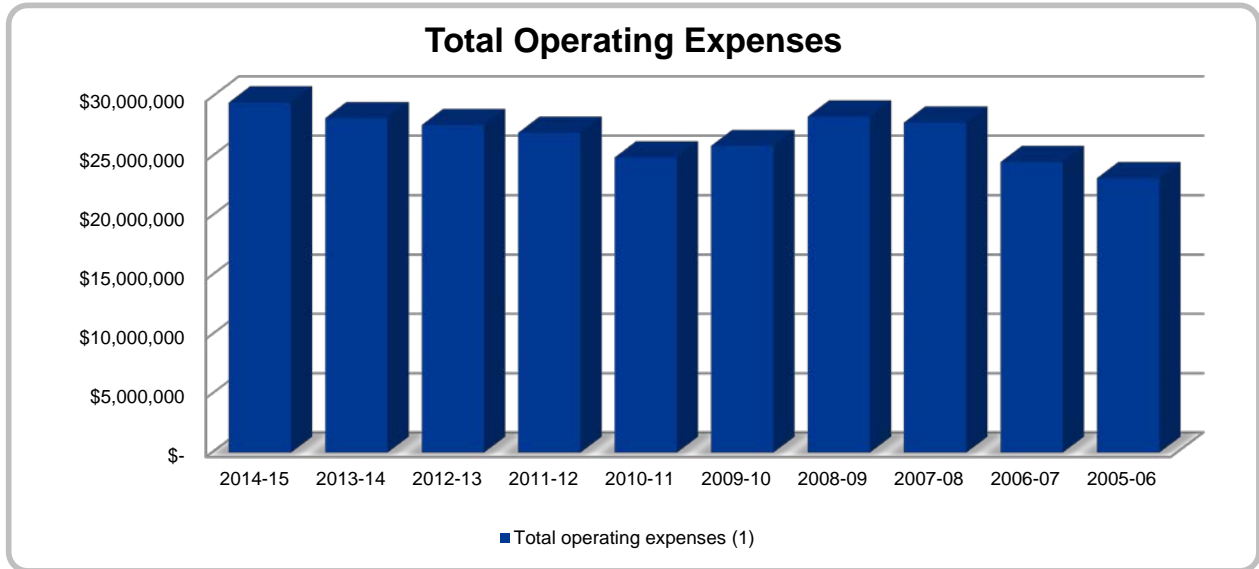
(4) In fiscal year 2011-12, Private grants were adjusted to reclassify the amounts from operating to nonoperating revenues. For comparability purposes, prior years have been reclassified.

(5) In fiscal year 2014-15, beginning net position was restated for implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions.

**Navajo County Community College District  
(Northland Pioneer College)  
Expenses by Function  
Last Ten Fiscal Years**

	2014-15	2013-14	2012-13	2011-12	2010-11 (1)
Instruction	\$ 10,927,034	\$ 9,761,727	\$ 9,660,102	\$ 8,827,606	\$ 8,450,971
Public service	29,159	35,889	29,387	25,647	13,128
Academic support	1,074,313	1,046,927	1,047,037	1,009,880	996,556
Student services	2,116,755	2,143,989	2,151,538	2,015,021	1,532,942
Institutional support	8,719,606	8,475,611	8,308,926	8,481,782	6,681,808
Operation and maintenance of plant	1,941,192	2,118,547	1,867,890	1,758,007	1,563,034
Scholarships	2,273,228	2,240,669	2,570,647	3,094,923	3,128,320
Auxiliary enterprises	399,147	559,067	451,470	404,767	1,217,755
Depreciation	2,053,133	1,838,484	1,544,414	1,366,808	1,320,494
<b>Total operating expenses</b>	<b>29,533,567</b>	<b>28,220,910</b>	<b>27,631,411</b>	<b>26,984,441</b>	<b>24,905,008</b>
Interest expense	3,470	5,138	-	6,854	3,428
Loss on disposal of capital assets	-	112,752	-	180,305	-
Other	-	-	-	-	-
<b>Total nonoperating expenses</b>	<b>3,470</b>	<b>117,890</b>	<b>-</b>	<b>187,159</b>	<b>3,428</b>
<b>Total expenses</b>	<b>\$ 29,537,037</b>	<b>\$ 28,338,800</b>	<b>\$ 27,631,411</b>	<b>\$ 27,171,600</b>	<b>\$ 24,908,436</b>

	2009-10	2008-09	2007-08	2006-07	2005-06
Instruction	\$ 9,067,801	\$ 10,565,902	\$ 10,355,967	\$ 9,305,328	\$ 9,299,812
Public service	14,178	14,126	12,562	9,548	10,020
Academic support	985,173	785,099	803,190	817,101	874,888
Student services	3,750,620	3,364,710	3,018,052	2,585,022	2,395,805
Institutional support	7,151,218	7,814,683	7,141,298	6,789,420	5,583,393
Operation and maintenance of plant	1,599,258	2,037,490	2,182,091	1,725,738	1,831,712
Scholarships	609,337	980,151	630,161	602,880	555,108
Auxiliary enterprises	1,270,886	1,547,548	1,508,514	1,551,240	1,479,195
Depreciation	1,435,550	1,234,076	2,195,985	1,130,750	1,132,385
<b>Total operating expenses</b>	<b>25,884,021</b>	<b>28,343,785</b>	<b>27,847,820</b>	<b>24,517,027</b>	<b>23,162,318</b>
Interest expense	-	67,163	131,411	185,709	226,053
Loss on disposal of capital assets	-	-	612,459	-	-
Other	-	-	-	-	-
<b>Total nonoperating expenses</b>	<b>-</b>	<b>67,163</b>	<b>743,870</b>	<b>185,709</b>	<b>226,053</b>
<b>Total expenses</b>	<b>\$ 25,884,021</b>	<b>\$ 28,410,948</b>	<b>\$ 28,591,690</b>	<b>\$ 24,702,736</b>	<b>\$ 23,388,371</b>



**Source:**  
Audited financial statements.

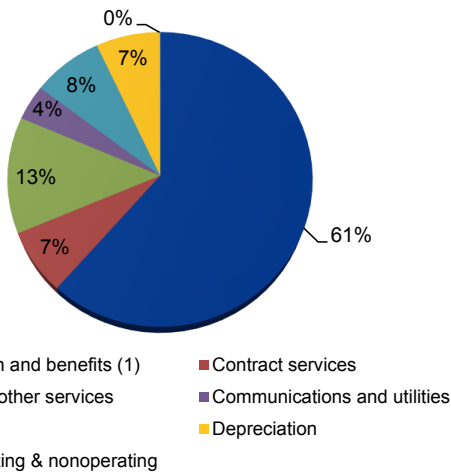
**Note:**  
(1) Starting in fiscal year 2010-11, expenses for Scholarships and Student services were adjusted to reclassify payments made to students for student financial aid and scholarships. These payments were reported as Student services in prior years.

**Navajo County Community College District  
(Northland Pioneer College)  
Expenses by Use  
Last Ten Fiscal Years**

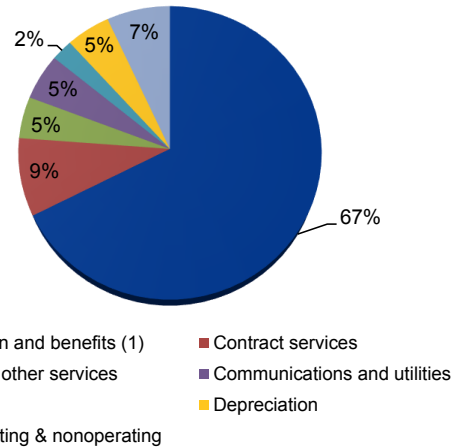
	2014-15	2013-14	2012-13	2011-12	2010-11 (2)
Compensation and benefits (1)	\$ 18,189,910	\$ 17,200,507	\$ 16,939,312	\$ 15,550,537	\$ 14,290,694
Contract services	2,109,597	2,243,436	2,138,098	2,680,066	1,621,476
Supplies and other services	3,775,418	3,550,497	3,223,900	3,086,612	3,289,474
Communications and utilities	1,146,620	1,086,284	1,191,308	1,183,082	1,232,953
Scholarships	2,273,228	2,240,669	2,570,647	3,094,923	3,128,320
Depreciation	2,053,133	1,838,484	1,544,414	1,366,808	1,320,494
Other	(14,339)	61,033	23,732	22,413	21,597
Total operating expenses	29,533,567	28,220,910	27,631,411	26,984,441	24,905,008
Non operating expenses	3,470	117,890	-	187,159	3,428
Total expenses	\$ 29,537,037	\$ 28,338,800	\$ 27,631,411	\$ 27,171,600	\$ 24,908,436

	2009-10	2008-09	2007-08	2006-07 (3)	2005-06
Compensation and benefits (1)	\$ 15,122,656	\$ 16,822,406	\$ 19,258,989	\$ 17,481,916	\$ 15,806,791
Contract services	1,729,224	2,268,681	2,197,358	2,634,480	2,010,141
Supplies and other services	5,399,355	4,960,590	1,562,855	994,203	1,072,670
Communications and utilities	1,399,939	1,520,225	1,530,845	1,494,933	1,191,012
Scholarships	609,337	980,151	630,161	602,880	555,108
Depreciation	1,435,550	1,234,076	2,195,985	1,130,750	1,132,385
Other	187,960	557,656	471,627	177,865	1,394,211
Total operating expenses	25,884,021	28,343,785	27,847,820	24,517,027	23,162,318
Non operating expenses	-	67,163	743,870	185,709	226,053
Total expenses	\$ 25,884,021	\$ 28,410,948	\$ 28,591,690	\$ 24,702,736	\$ 23,388,371

**FY14-15 Expenses by Use**



**FY05-06 Expenses by Use**



**Source:**

Audited financial statements except as adjusted in (3).

**Notes:**

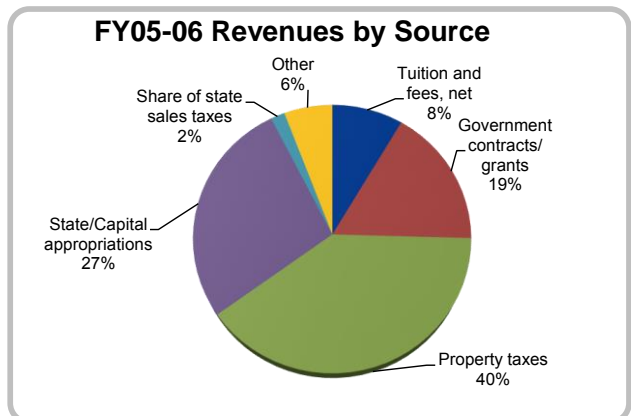
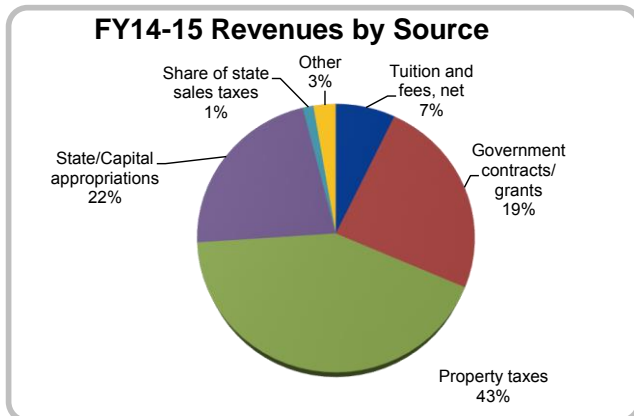
- (1) Starting in fiscal year 2013-14, Compensation and benefits replaced Personal services to more accurately describe the expense category.
- (2) Starting in fiscal year 2010-11, expenses for Scholarships and Students services were adjusted to reclassify payments made to students for student financial aid and scholarships. These payments were reported as Supplies and other services in prior year.
- (3) In fiscal year 2006-07, Other was adjusted for rounding to match Total operating expenses in the Statement of Revenues, Expenses, and Changes in Net Assets.



**Navajo County Community College District  
(Northland Pioneer College)  
Revenues by Source  
Last Ten Fiscal Years**

	2014-15	2013-14	2012-13	2011-12 (1)	2010-11
Tuition and fees, net	\$ 2,357,891	\$ 2,295,137	\$ 2,466,640	\$ 2,690,260	\$ 2,319,373
Government contracts (2)	3,283,218	3,156,936	2,969,273	2,638,049	2,060,376
Bookstore income, net	48,491	66,720	42,460	33,564	28,892
Other	334,987	352,295	379,831	291,648	369,299
<b>Total operating revenue</b>	<b>6,024,587</b>	<b>5,871,088</b>	<b>5,858,204</b>	<b>5,653,521</b>	<b>4,777,940</b>
Property taxes	13,980,187	13,153,327	13,180,294	12,703,703	11,988,497
State appropriations	6,901,500	7,160,800	7,059,800	8,181,800	10,214,000
Government grants (2)	4,728,837	4,740,596	5,018,111	5,502,290	4,955,825
Private grants (3)	297,567	304,219	325,919	360,370	345,534
Share of state sales taxes	423,082	435,192	545,682	372,308	386,743
Investment earnings	160,532	148,526	170,717	136,283	124,907
Gain on disposal of capital assets	41,100	-	18,627	-	3,563
<b>Total nonoperating revenues</b>	<b>26,532,805</b>	<b>25,942,660</b>	<b>26,319,150</b>	<b>27,256,754</b>	<b>28,019,069</b>
Capital appropriations	375,400	122,600	-	-	-
<b>Total revenues</b>	<b>\$ 32,932,792</b>	<b>\$ 31,936,348</b>	<b>\$ 32,177,354</b>	<b>\$ 32,910,275</b>	<b>\$ 32,797,009</b>

	2009-10	2008-09	2007-08	2006-07	2005-06
Tuition and fees, net	\$ 3,062,113	\$ 2,824,047	\$ 2,483,223	\$ 2,361,668	\$ 2,390,338
Government contracts (2)	1,868,359	2,058,901	3,032,846	1,014,145	1,511,652
Bookstore income, net	701,123	803,661	995,347	678,774	849,174
Other	297,825	247,370	172,720	211,818	231,919
<b>Total operating revenue</b>	<b>5,929,420</b>	<b>5,933,979</b>	<b>6,684,136</b>	<b>4,266,405</b>	<b>4,983,083</b>
Property taxes	11,353,707	12,321,619	11,651,832	11,022,566	11,122,948
State appropriations	10,214,000	9,807,911	9,717,500	7,784,925	7,147,900
Government grants (2)	4,956,184	5,083,645	3,146,431	3,266,321	3,241,987
Private grants (3)	450,763	529,310	871,651	636,211	339,768
Share of state sales taxes	422,737	453,912	487,131	512,032	474,307
Investment earnings	130,891	257,027	502,903	540,886	205,191
Gain on disposal of capital assets	-	-	-	-	-
<b>Total nonoperating revenues</b>	<b>27,528,282</b>	<b>28,453,424</b>	<b>26,377,448</b>	<b>23,762,941</b>	<b>22,532,101</b>
Capital appropriations	-	-	505,600	569,475	576,900
<b>Total revenues</b>	<b>\$ 33,457,702</b>	<b>\$ 34,387,403</b>	<b>\$ 33,567,184</b>	<b>\$ 28,598,821</b>	<b>\$ 28,092,084</b>



**Source:**  
Audited financial statements except as reclassified in (2) and (3).

**Notes:**

(1) Starting in fiscal year 2011-12, Tuition and fees, net of scholarship allowances and Government contracts were adjusted to reclassify tuition waivers associated with an intergovernment agreement as a scholarship allowance.

(2) In fiscal year 2007-08, Government grants, which were included with Government contracts, were reclassified from operating revenues to nonoperating revenues. For comparability purposes, prior years have been reclassified.

(3) In fiscal year 2011-12, Private grants were adjusted to reclassify the amounts from operating to nonoperating revenues. For comparability purposes, prior years have been reclassified.

**Navajo County Community College District  
(Northland Pioneer College)  
Expenditure Limitation  
Statutory Limit to Budgeted Expenditures  
Last Ten Fiscal Years**

Fiscal Year	Statutory Expenditure Limitation (1)	Budgeted Expenditures Subject to Limitation (2)	Amount Under/(Over) Expenditure Limitation	
2014-15	\$ 13,412,368	\$ 13,412,368	-	(3)
2013-14	14,894,360	14,894,360	-	
2012-13	15,978,265	15,561,404	416,861	
2011-12	16,251,916	15,751,979	499,937	
2010-11	17,086,770	14,738,989	2,347,781	
2009-10	16,823,427	15,515,610	1,307,817	(4)
2008-09	15,829,197	15,950,154	(120,957)	
2007-08	16,100,110	15,416,094	684,016	
2006-07	16,284,904	16,202,909	81,995	
2005-06	\$ 16,278,691	\$ 15,915,946	\$ 362,745	

**Source:**

Audited annual budgeted expenditure limitation reports.

**Notes:**

(1) The Statutory Expenditure Limitation is calculated by the Arizona Department of Revenue Economic Estimates Commission and applies to Current (General, Auxiliary Enterprises, and Restricted) and Plant Funds (Unexpended and Retirement of Indebtedness).

(2) Budgeted expenditures are net of allowable exclusions.

(3) Budgeted expenditures for fiscal year 2015 is an estimate, audited numbers not yet available.

(4) The District exceeded its expenditure limitation due to the expenditure of revenues from amounts received from retail bookstore transactions in the amount of \$1,326,751. According to Laws 2006, Chapter 198, if a community college exceeds its expenditure limitation due to the expenditures 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 withheld pursuant to section 15-1466, Arizona Revised Statutes.

**Navajo County Community College District  
(Northland Pioneer College)  
Assessed Valuation, Tax Rate, and Estimated Actual Value  
Last Ten Fiscal Years**

Fiscal Year	Primary Assessed Valuation			Total Assessed Value	Total Direct Tax Rate (2)	Estimated Actual Value	Assessed Value as Percentage of Actual Value
	Centrally Assessed (1)	Locally Assessed Real Property (1)	Locally Assessed Personal Property (1)				
2014-15	\$274,277,258	\$553,959,727	\$ 16,781,251	\$ 845,018,236	1.6610	7,511,273,209	11.25% (3)
2013-14	272,274,079	612,397,229	18,680,546	903,351,854	1.4769	8,029,794,258	11.25%
2012-13	270,501,880	683,203,369	20,587,141	974,292,390	1.3515	8,841,128,766	11.02%
2011-12	260,662,273	745,626,178	19,848,674	1,026,137,125	1.2387	9,354,030,310	10.97%
2010-11	234,930,409	802,594,776	21,479,665	1,059,004,850	1.1308	9,531,996,850	11.11%
2009-10	219,541,850	758,613,629	20,609,071	998,764,550	1.1352	8,933,493,292	11.18%
2008-09	209,385,295	679,130,430	19,841,971	908,357,696	1.3382	8,081,474,164	11.24%
2007-08	202,500,639	590,606,733	19,206,899	812,314,271	1.4206	7,182,265,880	11.31%
2006-07	201,542,336	516,317,059	16,977,326	734,836,721	1.4858	6,462,943,896	11.37%
2005-06	\$199,147,834	\$465,538,343	\$ 19,247,953	\$ 683,934,130	1.5200	6,004,689,464	11.39%

**Source:**

District records, Arizona Department of Revenue, Navajo County Finance and Assessor offices.

**Notes:**

(1) Categories presented are based on information provided by the Property Tax Oversight Commission for the Arizona Department of Revenue. Categories based on Residential, Commercial and Personal Property is not available but is expected in future years. Centrally assessed property is assessed by the State of Arizona versus the County and includes railroads, pipelines, utilities and other real property. Assessed values include certain tax exempt properties.

(2) Total Direct Tax Rate includes both primary and secondary tax rates for fiscal years 2008-09 to 2005-06.

(3) Assessed Value as Percentage of Actual Value for fiscal year 2014-15 is based on prior year, current year information not available.

**Navajo County Community College District  
(Northland Pioneer College)  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Total Adjusted Tax Levy (1)</b>	<b>Current Tax Collections (2)</b>	<b>Percent of Current Tax Collections to Total Tax Levy</b>	<b>Collections in Subsequent Years (2)</b>	<b>Total Tax Collections (2)</b>	<b>Percent of Total Tax Collections to Total Tax Levy</b>
2014-15	\$ 13,963,030	\$ 13,498,333	96.67%	\$ -	\$ 13,498,333	96.67%
2013-14 (3)	13,267,899	12,815,737	96.59%	423,255	13,238,992	99.78%
2012-13	13,059,169	12,671,313	97.03%	369,207	13,040,520	99.86%
2011-12	12,647,564	12,187,235	96.36%	443,337	12,630,572	99.87%
2010-11	11,898,901	11,303,655	95.00%	581,739	11,885,395	99.89%
2009-10	11,331,739	10,769,251	95.04%	554,063	11,323,314	99.93%
2008-09	12,312,004	11,733,475	95.30%	573,599	12,307,075	99.96%
2007-08	11,624,490	11,083,456	95.35%	539,247	11,622,703	99.98%
2006-07	10,967,580	10,529,086	96.00%	436,648	10,965,734	99.98%
2005-06	\$ 10,405,570	\$ 9,744,447	93.65%	\$ 659,324	\$ 10,403,772	99.98%

**Source:**

Navajo County Treasurer and Assessor Offices and District records.

**Notes:**

- (1) The Total Adjusted Tax Levy amounts include cumulative adjustments from the year of levy until the present year for tax exempt property and/or court settlements.
- (2) Tax collections are recorded on a cash basis.
- (3) In fiscal year 2014 an adjustment was made for a court settlement with Transwestern Pipeline in the amount of \$120,000. This adjustment reduced the tax levies for fiscal years 2013, 2012 and 2011.

**Navajo County Community College District  
(Northland Pioneer College)  
Property Tax Rates, Direct and Overlapping Governments  
Last Ten Years (Per \$100 of Assessed Value)**

Fiscal Year	Overlapping Rates									
	Northland Pioneer College			Navajo County	Cities and Towns		Fire and Special Districts		School Districts	
	Primary	Secondary	Total		From	To	From	To	From	To
2014-15	1.6610		1.6610	0.8185	1.2831	1.2831	0.0500	3.5500	0.6338	8.0000
2013-14	1.4769		1.4769	0.6995	0.2789	1.1934	0.0500	3.5500	0.4312	8.0000
2012-13	1.3515		1.3515	0.6401	0.2789	0.9880	0.0500	3.5500	0.1255	8.0000
2011-12	1.2387		1.2387	0.5984	0.2789	0.9815	0.0500	3.5500	1.7682	7.2564
2010-11	1.1308		1.1308	0.5572	0.2789	0.8567	0.0500	3.5500	1.4797	8.0000
2009-10	1.1352		1.1352	0.5594	0.2789	0.8550	0.0500	3.5500	1.3726	8.3747
2008-09	1.1719	0.1663	1.3382	0.5775	0.2845	0.8685	0.0500	3.5500	1.4622	7.7773
2007-08	1.2257	0.1949	1.4206	0.6041	0.2845	0.8870	0.0500	3.5500	1.6020	6.7592
2006-07	1.2639	0.2219	1.4858	0.6229	0.5216	0.9134	0.0500	2.6347	1.7394	8.0200
2005-06	1.2857	0.2343	1.5200	0.6337	0.5324	0.9501	0.0500	2.6514	1.8090	8.0200

**Source:**

District records and Navajo County Treasurer.

**Navajo County Community College District  
(Northland Pioneer College)  
Principal Taxpayers  
Current Year and Ten Years Ago**

	2014			2004		
	Primary Assessed Valuation	Rank	Percent of Navajo County's Primary Assessed Valuation	Primary Assessed Valuation	Rank	Percent of Navajo County's Primary Assessed Valuation
Arizona Public Service Company	\$ 135,671,176	1	15.02%	\$ 96,593,064	1	15.49%
PacifiCorp Electric Operations	55,275,181	2	6.12%	32,473,751	2	5.21%
Peabody Western Coal Co	15,827,002	3	1.75%	15,712,500	3	2.52%
Transwestern Pipeline Co	12,839,040	4	1.42%	7,818,785	6	1.25%
Burlington Northern/Santa Fe Railway	7,633,285	5	0.84%	5,184,182	10	0.83%
El Paso Natural Gas Co	7,160,409	6	0.79%	9,728,496	5	1.56%
Navopache Electric Co-Op Inc	6,417,901	7	0.71%	5,430,813	9	0.87%
Citizens Telecom of White Mountains	5,433,659	8	0.60%	10,589,603	4	1.70%
Smith Bagley	4,994,177	9	0.55%	n/a	n/a	n/a
Unisource Energy Corporation	3,958,786	10	0.44%	n/a	n/a	n/a
Navajo County Assessed Value	\$ 903,351,854			\$ 623,721,601		

**Source:**

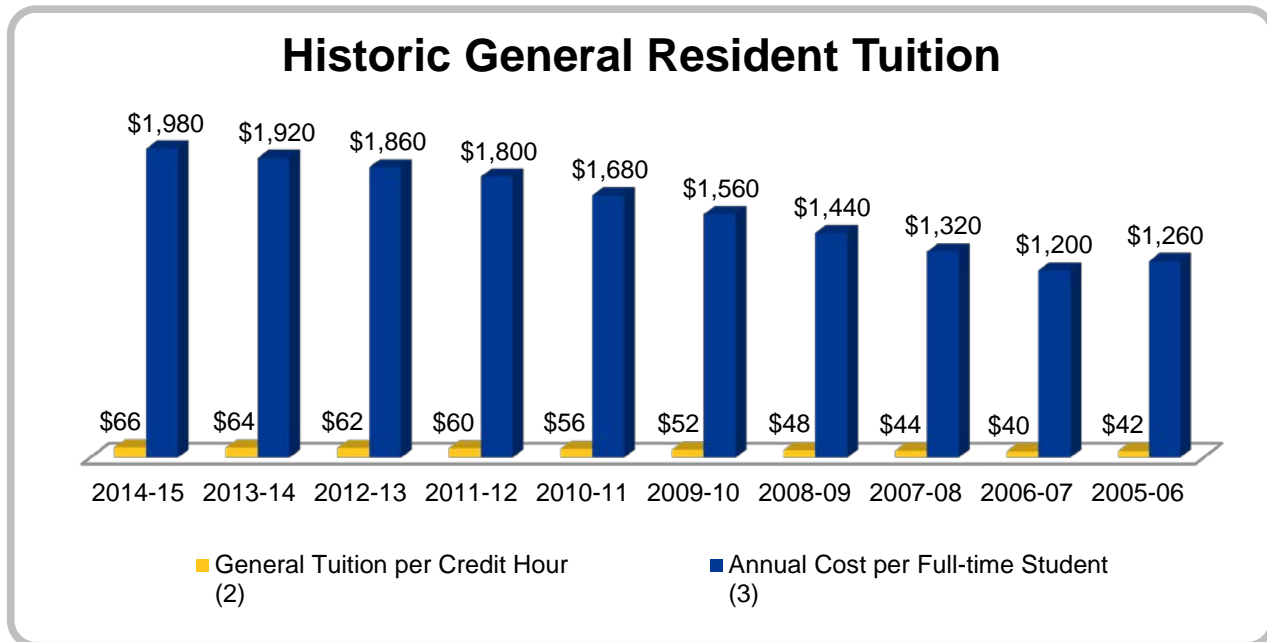
Navajo County Finance Department, 2014 Comprehensive Annual Financial Report.  
Navajo County Finance and Assessor Offices.

**Note:**

Information presented is based on tax year.

**Navajo County Community College District  
(Northland Pioneer College)  
Historic General Resident Tuition  
Last Ten Fiscal Years**

Fiscal Year (1)	District Historic Tuition			
	General Tuition per Credit Hour (2)	Annual Cost per Full-Time Student (3)	Increase (Decrease)	
			Dollars	Percent
2014-15	\$ 66	\$ 1,980	\$ 2	3%
2013-14	64	1,920	2	3%
2012-13	62	1,860	2	3%
2011-12	60	1,800	4	7%
2010-11	56	1,680	4	8%
2009-10	52	1,560	4	8%
2008-09	48	1,440	4	9%
2007-08	44	1,320	4	10%
2006-07	40	1,200	(2)	-5%
2005-06	\$ 42	\$ 1,260	\$ 42	11%



**Source:**  
District records.

**Notes:**  
 (1) Tuition rate changes are effective beginning the fall term each year.  
 (2) For fiscal years 2009-10 and prior, the District utilized a tiered tuition scale featuring plateaus for credit hours between 3.5 - 7.5 and greater than 12.  
 (3) Full-time students are defined as taking 30 credit hours in an academic year.

**Navajo County Community College District  
(Northland Pioneer College)  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Certificates of Participation</b>	<b>Capital Lease Obligations</b>	<b>Total Outstanding Debt</b>	<b>Per FTSE (1)</b>	<b>Per Capita (2)</b>
2014-15	\$ -	\$ -	\$ 38,964	\$ 38,964	\$ 21.04	\$ 0.36
2013-14	-	-	57,745	57,745	31.64	0.53
2012-13	-	-	74,336	74,336	37.89	0.68
2011-12	-	-	-	-	-	-
2010-11	-	-	83,123	83,123	37.46	0.78
2009-10	-	-	-	-	-	-
2008-09	-	-	-	-	-	-
2007-08	1,605,000	235,000	-	1,840,000	735.71	16.38
2006-07	3,165,000	455,000	39,446	3,659,446	1,588.30	32.97
2005-06	\$ 4,680,000	\$ 665,000	\$ 116,740	\$ 5,461,740	\$ 2,268.16	\$ 50.11

**Source:**

Audited financial statements, Audited FTSE report, U.S. Bureau of Economic Analysis.

**Notes:**

(1) Full Time Student Equivalent (FTSE) is based on a fiscal year.

(2) Population data is based on a calendar year. Data for 2014 and 2015 are not yet available; calculation is based on prior year data.



**Navajo County Community College District  
(Northland Pioneer College)  
Computation of Legal Debt Margin  
Last Ten Fiscal Years**

	2014-15	2013-14	2012-13	2011-12	2010-11
Secondary Assessed Value of Real and Personal Property	\$ 846,247,083	\$ 904,776,443	\$ 978,263,926	\$ 1,040,412,117	\$ 1,116,355,302
Debt Limit, 15% of Secondary Assessed Value	126,937,062	135,716,466	146,739,589	156,061,818	167,453,295
Amount of Debt Applicable to Debt Limit: General Obligation Bonded Debt	-	-	-	-	-
Total net debt applicable to the limit	-	-	-	-	-
Legal debt margin	<u>\$ 126,937,062</u>	<u>\$ 135,716,466</u>	<u>\$ 146,739,589</u>	<u>\$ 156,061,818</u>	<u>\$ 167,453,295</u>
Total net debt as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

	2009-10	2008-09	2007-08	2006-07	2005-06
Secondary Assessed Value of Real and Personal Property	\$ 1,100,568,483	\$ 998,760,072	\$ 851,317,372	\$ 754,945,315	\$ 702,260,107
Debt Limit, 15% of Secondary Assessed Value	165,085,272	149,814,011	127,697,606	113,241,797	105,339,016
Amount of Debt Applicable to Debt Limit: General Obligation Bonded Debt	-	-	1,605,000	3,165,000	4,680,000
Total net debt applicable to the limit	-	-	1,605,000	3,165,000	4,680,000
Legal debt margin	<u>\$ 165,085,272</u>	<u>\$ 149,814,011</u>	<u>\$ 126,092,606</u>	<u>\$ 110,076,797</u>	<u>\$ 100,659,016</u>
Total net debt as a percentage of debt limit	0.00%	0.00%	1.26%	2.79%	4.44%

**Source:**

Navajo County Assessor's Office and District records.

**Notes:**

The Arizona Constitution, Article 9, Section 8, states that a county or school district may become indebted for an amount not to exceed 15% of taxable property.

**Navajo County Community College District  
(Northland Pioneer College)  
Debt Service Coverage  
Last Ten Fiscal Years**

Fiscal Year	Secondary Property Tax (1)	General Obligation		Total Debt Service	Coverage Ratio
		Principal	Interest		
2014-15	\$ -	\$ -	\$ -	\$ -	N/A
2013-14	-	-	-	-	N/A
2012-13	-	-	-	-	N/A
2011-12	-	-	-	-	N/A
2010-11	-	-	-	-	N/A
2009-10	-	-	-	-	N/A
2008-09	1,656,313	1,605,000	56,175	1,661,175	1.00
2007-08	1,664,423	1,560,000	99,075	1,659,075	1.00
2006-07	1,675,224	1,515,000	140,737	1,655,737	1.01
2005-06	\$ 1,643,808	\$ 1,475,000	\$ 170,238	\$ 1,645,238	1.00

Fiscal Year	Revenues (2)	Certificates of Participation		Total Debt Service	Coverage Ratio
		Principal	Interest		
2014-15	\$ -	\$ -	\$ -	\$ -	N/A
2013-14	-	-	-	-	N/A
2012-13	-	-	-	-	N/A
2011-12	-	-	-	-	N/A
2010-11	-	-	-	-	N/A
2009-10	-	-	-	-	N/A
2008-09	2,824,047	235,000	7,696	242,696	11.64
2007-08	2,483,223	220,000	29,583	249,583	9.95
2006-07	2,361,668	210,000	43,022	253,022	9.33
2005-06	\$ 2,390,338	\$ 195,000	\$ 55,308	\$ 250,308	9.55

**Source:**

District records.

**Notes:**

(1) Secondary Property Tax Revenues are based on a cash basis.

(2) Revenues include tuition, net of scholarship allowances.

**Navajo County Community College District  
(Northland Pioneer College)  
Schedule of Demographic and Economic Statistics  
Last Ten Years**

<b>Calendar Year</b>	<b>County Population</b>	<b>County Personal Income (In Thousands)</b>	<b>County Personal Income Per Capita</b>	<b>County Unemployment Rate</b>
2014	Not available	Not available	Not available	Not available
2013	108,694	Not available	Not available	13.1%
2012	107,094	2,826,523	26,393	15.2%
2011	107,174	2,780,847	25,947	15.8%
2010	107,449	2,742,716	25,526	16.0%
2009	112,975	2,634,137	23,316	14.9%
2008	112,348	2,539,509	22,604	9.7%
2007	110,999	2,412,656	21,736	6.3%
2006	109,000	2,260,966	20,743	7.2%
2005	106,968	2,120,553	19,824	8.0%

**Sources:**

Navajo County Finance Department, 2014 Comprehensive Annual Financial Report.

**Navajo County Community College District  
(Northland Pioneer College)  
Schedule of Employment by Sector and Major Employers  
Last Ten Calendar Years**

Employment by Sector	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Mining and Construction	1,625	1,600	1,600	1,325	1,450	1,600	2,375	2,925	3,200	2,825
Educational & Health Svcs	3,575	3,575	3,550	3,200	3,550	3,500	3,300	3,325	3,250	3,100
Financial Activities	700	600	575	425	400	475	525	600	650	575
Government	9,325	9,675	9,850	9,500	9,650	10,100	10,400	9,925	9,875	9,850
Leisure & Hospitality	3,700	3,875	3,600	3,625	3,500	3,150	3,475	3,475	3,200	3,175
Manufacturing	150	125	475	525	525	550	800	900	975	900
Information	1,150	1,175	1,175	1,150	1,150	1,075	1,000	825	800	750
Professional & Business Svcs	1,425	1,175	1,000	1,025	1,000	1,025	1,275	1,350	1,250	1,100
Trade, Transportation & Utilities	4,700	5,175	5,150	5,025	5,250	5,375	5,650	6,050	5,700	5,600
Other Services	925	1,050	950	525	700	750	850	800	925	950

**Sources:**

Navajo County Finance Department, 2014 Comprehensive Annual Financial Report.

**Note:**

Figures are organized under the North American Industrial Classification System (NAICS).

Major Employers (1)	Employer Type
APS, Joseph City	Electric Services
Arizona Department of Corrections	Prison
Algae Biosciences	Pharmaceuticals
Bashas', Taylor	Retail
Burlington Northern Santa Fe	Line-Haul
Cellular One	Communications
Hatch Auto Centers	Auto Dealer
Hondah Resort & Casino	Hospitality
Holiday Inn, Kayenta	Hotels and Motels
Kayenta Boarding B.I.A. School	Education
Keams Canyon Indian Hospital	Medical
Little Colorado Medical Center	Medical
Navajo Government Executive Branch	Government
Navajo County School District	Education
Navajo Tribal Utility Authority, Keams Canyon	Utilities
Navopache Electric Cooperative, Inc.	Utility
Northland Pioneer College, Holbrook	Colleges
NovoPower	Energy
Overseas Aircraft Support	Aircraft
Peabody Coal Co., Kayenta	Coal and Mining
PFFJ, Inc., Snowflake	Pork Production
Pinon Unified School District #4	Education
Safeway, Pinetop-Lakeside	Retail
Summit Healthcare, Show Low	Hospital
Tate's Auto Center, Holbrook	Auto Dealer
Wal-Mart SuperCenter, Show Low	Retail
Western Moulding Co. Inc., Snowflake	Millwork
White Mountain Apache Tribe	Government

**Sources:**

Navajo County Finance Department, 2014 Comprehensive Annual Financial Report.

**Note:**

(1) The number of employees for the 10 largest employers in the County is not available due to State of Arizona non-disclosure restrictions.

**Navajo County Community College District  
(Northland Pioneer College)  
Enrollment and Degree Statistics  
Last Ten Years**

Location	Fall Historic Headcount									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Holbrook	480	493	445	486	500	555	543	549	547	621
Show Low	960	955	1,173	1,409	1,439	1,700	1,536	1,591	1,577	1,533
Snowflake	407	390	499	525	554	705	708	639	627	696
Winslow	376	396	393	419	387	534	499	514	472	495
Kayenta	74	79	81	72	65	102	117	127	113	114
Hopi	113	130	130	135	152	195	152	172	185	194
Whiteriver	195	164	187	170	231	270	264	270	269	279
St Johns	191	188	180	167	191	178	224	206	154	132
Springerville/Eager	227	149	183	236	186	279	332	297	319	290
Sanders (3)	-	-	-	-	-	40	34	18	68	36
Heber (4)	-	-	-	-	-	71	60	111	122	106
Navajo County Misc.	1	11	36	35	37	41	21	23	17	13
Apache County Misc.	97	179	211	113	87	100	122	125	105	89
Department of Corrections	65	47	127	118	101	32	153	18	48	73
Other	515	536	709	748	743	774	745	595	563	525
<b>Total District (1)</b>	<b>3,211</b>	<b>3,234</b>	<b>3,718</b>	<b>3,917</b>	<b>3,951</b>	<b>4,639</b>	<b>4,732</b>	<b>4,629</b>	<b>4,564</b>	<b>4,591</b>

Location	Fall Historic FTSE (2)									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Holbrook	200	190	179	182	200	186	195	176	173	189
Show Low	473	470	526	638	667	753	693	682	684	655
Snowflake	169	143	223	184	208	253	272	240	197	186
Winslow	158	172	184	176	175	219	197	190	182	204
Kayenta	23	24	26	27	29	40	52	51	52	49
Hopi	39	47	43	49	40	66	56	58	66	70
Whiteriver	86	64	75	81	105	111	115	115	101	112
St Johns	89	89	85	72	79	53	85	88	54	68
Springerville/Eager	71	43	72	84	72	99	105	94	87	84
Sanders (3)	-	-	-	-	-	11	9	4	17	9
Heber (4)	-	-	-	-	-	15	13	22	24	22
Navajo County Misc	0	2	5	7	9	12	5	7	5	4
Apache County Misc	22	42	48	27	20	23	29	43	29	22
Department of Corrections	60	14	61	53	43	11	148	17	40	60
Other	139	146	216	227	205	212	206	168	156	143
<b>Total District</b>	<b>1,529</b>	<b>1,446</b>	<b>1,743</b>	<b>1,807</b>	<b>1,852</b>	<b>2,064</b>	<b>2,180</b>	<b>1,955</b>	<b>1,867</b>	<b>1,877</b>

Degrees & Certificates	Degrees and Certificates Awarded									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Associate of Arts	28	39	26	21	31	32	38	25	35	24
Associate of Arts in Elementary Ed	4	6	6	7	2	1	1	7	4	4
Associate of Business	9	8	9	7	4	9	3	6	6	8
Associate of Science	11	5	3	10	3	7	5	8	3	4
Associate of General Studies	20	33	17	15	16	26	24	23	18	39
Associate of Applied Science	125	91	93	116	87	114	96	80	73	87
Certificate of Proficiency	399	341	215	236	271	390	93	76	105	120
Certificate of Applied Science	68	63	41	9	12	26	24	8	16	44

**Source:**

District records.

**Notes:**

- (1) Totals are unduplicated headcounts.
- (2) FTSE refers to Full Time Student Equivalent which is calculated by dividing total enrolled credit hours per semester by 15 credit hours.
- (3) Data for this location no longer tracked, included in Apache Co Misc.
- (4) Location was closed.

**Navajo County Community College District  
(Northland Pioneer College)  
Student Enrollment and Demographic Statistics—Page 1  
Last Ten Years**

Fall Semester	Attendance		Residency			Gender	
	Full-Time	Part-Time	In State	Out of County (1)	Out of State	Female	Male
2014	23%	77%	86%	14%	0%	1,922	1,289
2013	21%	79%	88%	12%	0%	1,969	1,265
2012	22%	78%	87%	13%	0%	2,221	1,497
2011	22%	78%	86%	13%	1%	2,333	1,584
2010	24%	76%	88%	11%	1%	2,393	1,558
2009	22%	78%	88%	11%	1%	3,062	1,577
2008	23%	77%	89%	11%	0%	3,042	1,690
2007	19%	81%	88%	12%	0%	3,029	1,600
2006	19%	81%	88%	12%	0%	2,984	1,580
2005	20%	80%	88%	12%	0%	3,084	1,507

Fall Semester	Ethnic Background						
	White (Caucasian)	American Indian	Black	Hispanic	Asian	Pacific Islander	Other/ Unknown
2014	47%	35%	1%	11%	1%	0%	4%
2013	49%	36%	1%	8%	1%	0%	5%
2012	49%	35%	1%	9%	1%	0%	5%
2011	52%	30%	1%	7%	1%	0%	9%
2010	48%	31%	0%	7%	1%	0%	13%
2009	51%	27%	1%	6%	1%	0%	14%
2008	52%	24%	1%	7%	1%	0%	15%
2007	55%	26%	1%	6%	1%	0%	11%
2006	55%	26%	1%	7%	1%	0%	10%
2005	57%	29%	1%	7%	1%	0%	5%

**Source:**

District records.

**Notes:**

(1) The District's Enterprise Resource Planning system tracks in-state and out-of-state students; a customized tracking system was created to specifically track students in Apache County. The Out of County amounts listed on this schedule represent Apache County students taking classes in Apache County.

**Navajo County Community College District  
(Northland Pioneer College)  
Student Enrollment and Demographic Statistics—Page 2  
Last Ten Years**

<b>Fall Semester</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
19 & Under	1,461	1,437	1,697	1,748	1,726	1,770	1,845	1,735	1,820	1,701
20 - 24	525	508	575	657	641	655	651	579	565	557
25 - 29	316	304	365	381	402	488	474	430	378	401
30 - 39	444	447	516	558	557	609	607	624	616	661
40 - 49	263	275	314	313	316	483	543	548	505	570
50 - 59	151	200	182	174	231	348	365	402	408	395
60 & Over	51	63	69	86	78	286	247	311	271	302
Unknown	-	-	-	-	-	-	-	-	1	4
Total (1)	3,211	3,234	3,718	3,917	3,951	4,639	4,732	4,629	4,564	4,591

**Source:**

District records.

**Note:**

(1) Totals are unduplicated headcounts.

**Navajo County Community College District  
(Northland Pioneer College)  
Employee Statistics  
(Headcount)  
Last Ten Fiscal Years**

Employees	2014-15	2013-14 (3)	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Faculty										
Full-time	75	77	76	77	70	70	73	80	81	69
Part-time FTE	83	82	85	64	66	94	77	121	132	98
Subtotal of Faculty	158	159	161	141	136	164	150	201	213	167
Administrative & Support Staff										
Full-time	135	137	133	134	125	125	113	136	139	114
Part-time FTE	138	136	151	156	164	181	235	174	131	210
Subtotal of Staff	273	273	284	290	289	306	348	310	270	324
Total Employees	431	432	445	431	425	470	498	511	483	491
Students per Faculty (1)	11.72	11.48	12.19	14.68	16.32	14.61	17.88	12.44	10.82	14.42
Students per Staff (1)	6.78	6.68	6.91	7.14	7.68	7.83	7.71	8.07	8.53	7.43
Average class size (2)	13	11	12	13	11	12	11	11	11	11

**Source:**

District records.

**Notes:**

- (1) Audited annual Full Time Student Equivalent (FTSE) divided by Subtotal Faculty or Subtotal Staff.
- (2) Average class size is based on an academic year and is calculated using only classes for Liberal Arts and Nursing excluding multicourse labs and two internet classes (POS221 & POS222); data for fiscal year 2014 was not yet available.
- (3) Average class size for 2013-14 was corrected from 12 to 11



**Navajo County Community College District  
(Northland Pioneer College)  
Schedule of Capital Asset Information  
Last Ten Fiscal Years**

Location	Fiscal Years									
	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Old Holbrook Campus										
Total Square Footage	-	-	-	-	12,360	12,360	12,360	27,288	44,274	44,274
Total Acreage	0.00	0.00	0.00	0.00	40.00	40.00	40.00	40.00	40.00	40.00
Old District Office Location										
Total Square Footage										
102 N. 1st Avenue	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320
103 N. 1st Avenue (1)	-	-	-	-	-	12,000	12,000	12,000	12,000	12,000
Total Acreage	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54
New Holbrook Campus										
Total Square Footage	101,287	101,287	56,220	56,220	56,220	56,220	56,220	56,220	55,700	47,700
Total Acreage	27.71	27.71	27.71	27.71	27.71	27.71	27.71	27.71	27.71	27.71
Show Low Campus										
Total Square Footage	84,646	84,646	84,646	84,646	84,646	84,646	84,646	84,646	83,986	83,986
Total Acreage	31.69	31.69	31.69	31.69	31.69	31.69	31.69	31.69	31.69	31.69
Snowflake Campus										
Total Square Footage	60,240	60,240	60,240	60,240	60,240	60,240	60,240	60,240	60,240	60,240
Total Acreage	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5
Winslow Campus										
Total Square Footage	50,540	50,540	50,540	50,540	50,540	50,540	50,540	50,540	50,540	49,100
Total Acreage	26.72	26.72	26.72	26.72	26.72	26.72	26.72	26.72	26.72	26.72
Kayenta Center (1)										
Total Square Footage	3,000	3,000	3,532	3,532	1,700	1,700	1,700	1,700	1,700	1,700
Hopi Center (2)										
Total Square Footage	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500
Whiteriver Center (2)										
Total Square Footage	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054
St Johns Center (1)										
Total Square Footage	5,320	5,320	5,320	5,320	5,320	5,320	5,320	5,320	5,320	5,320
Springerville/Eager Center										
Total Square Footage										
940 E Maricopa (1)	25,670	25,670	25,670	-	-	-	-	-	-	-
578 N. Main				4,000	4,000	4,000	4,000	4,000	4,000	4,000
District Owned Modulars	-	-	-	2,880	2,880	2,880	2,880	2,880	2,880	2,880
Heber Center (3)										
Total Square Footage	-	-	-	-	-	3,870	3,870	3,870	3,870	3,870
Total District										
Total Square Footage	360,577	360,577	316,042	297,252	307,780	323,650	323,650	338,578	354,384	344,944
Total Acreage	105.16	105.16	105.16	105.16	145.16	145.16	145.16	145.16	145.16	145.16

**Source:**  
District records.

**Notes:**  
(1) Leased facilities, only square footage of facilities included.  
(2) District owned building on Tribal lands, only square footage of building included.  
(3) Location closed.



## Expanding Minds & Transforming Lives

Forty-one years ago, a previously abandoned hospital, school and commercial buildings throughout Navajo County became centers for learning opportunities that would transform lives for generations to come. Located close to population clusters, these centers were outlets for college courses, fun workshops and vocational training from **Northland Pioneer College**, utilizing a decentralized concept unique in Arizona.

Residents enthusiastically welcomed the concept of having college classes available "close to home." Enrollment that first year was nearly double projections by naysayers at the state capitol.

Innovation allowed NPC to expand educational opportunities. Computer labs and libraries were built in converted school buses that traveled between the scattered centers. NPC pioneered the use of microwave technology to provide interactive video instruction, allowing an instructor at one center to teach students at nine other locations. Today, NPC's wireless wide area network (WWAN) connects 14 different locations, scattered over an area almost equal in size to the state of West Virginia, and is an essential tool in instruction.

**Locations:** Show Low, Snowflake/Taylor, Holbrook, Winslow  
Kayenta, Hopi, Springerville/Eagar, St. Johns, Whiteriver



**Northland Pioneer College**

EXPANDING MINDS • TRANSFORMING LIVES<sup>SM</sup>