



Comprehensive Annual Financial Report

Year Ended June 30, 2018



Northland Pioneer College
EXPANDING MINDS • TRANSFORMING LIVESSM



Northland Pioneer College

EXPANDING MINDS • TRANSFORMING LIVESSM

Navajo County Community College District

Holbrook, AZ

Comprehensive Annual Financial Report
Year Ended June 30, 2018

Prepared by the NPC District Financial Services Office

Navajo County Community College District
 (Northland Pioneer College)
 Comprehensive Annual Financial Report
 June 30, 2018

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Introductory Section



Northland Pioneer College
EXPANDING MINDS • TRANSFORMING LIVESSM



Northland Pioneer College
Office of the President

EXPANDING MINDS • TRANSFORMING LIVES

November 9, 2018

Greetings! As the new president of Northland Pioneer College, it is my privilege to have been selected for this position. I can't imagine a better place and better people with whom to share this journey.

I applied for the presidency largely because of our students, staff and our communities. NPC is an important place to work because we get to change peoples' lives for the better. Not all Americans are blessed with the opportunity to have a demonstrably positive impact on the lives of their neighbors and friends – but we do, and I look forward to finding new and better ways to achieve that critical mission for NPC and the communities we serve. In the coming year we will strategize over how to build on the long, positive college history of serving northeastern Arizona. During this process, we will engage students, staff, and community members as we learn from the past and create a new future.

NPC has the smallest administrative staff of the state's 10 community college districts and remains committed to fulfilling the mission — to provide, support and promote lifelong learning. In doing so, we place our emphasis on education delivery, not overhead. Transparency in government is important to me and the college administration. We believe taxpayers deserve to know how Northland Pioneer College invests their tax dollars in providing services, and ensures proper accounting of all receipts and expenditures.

Northland Pioneer College began to issue a Comprehensive Annual Financial Report (CAFR) five years ago, to supplement the basic financial statements prepared by staff and audited by the Arizona Office of the Auditor General. Every CAFR since then has been recognized by the Government Finance Officers Association of the United States and Canada (GFOA) with Certificates of Achievement for Excellence in Financial Reporting, the highest form of recognition in the area of governmental accounting and financial reporting. This CAFR continues those high standards, demonstrating proper management of those public funds through transparent financial reporting.

In the coming months, we will move ahead with exciting changes including: streamlining the registration and enrollment process from admission to financial aid and payments; diversifying the methods and availability of courses, and maximizing scheduling efficiency to assist students in completing their personal and professional goals.

It is an honor and a blessing to enjoy the opportunity to serve our students and community and I hope to engage each and every member of this district in the exciting endeavors that lay ahead.

Sincerely,

Mark H. Vest

President, Northland Pioneer College

P.O. Box 610, Holbrook, AZ 86025-0610
P: 928.524-7418 | F: 928.524.7419 | mark.vest@npc.edu

November 9, 2018

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, 2018.

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, 2018 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 percent of the total land in the District's service area and account for 60 percent of the area's population.

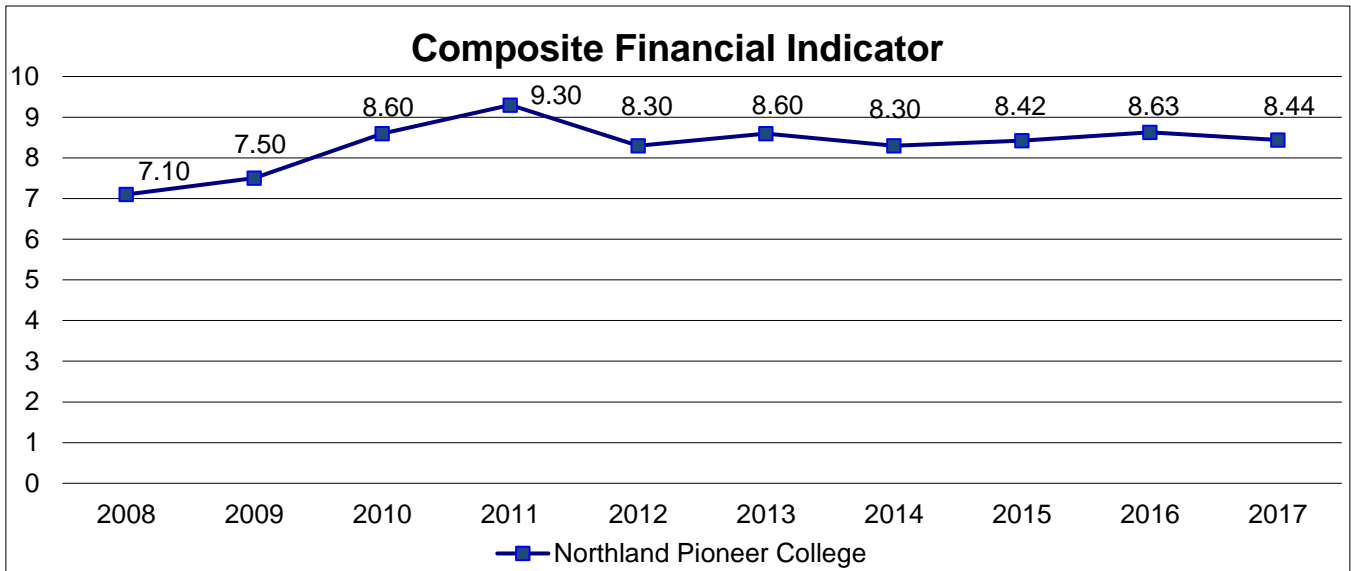
Campuses are located within four of the largest Navajo County communities of Holbrook, Show Low, Snowflake/Taylor and Winslow. Five center locations are located in Keams Canyon (Hopi), Kayenta, St. Johns, Springerville/Eager and Whiteriver. Central District Offices are located on the Holbrook Campus.

Staff and Student Demographics – Enrollment for the District fell slightly with fall 2017 5% lower than fall 2016. Of the 3,021 headcount 1,534 or 50% comprised students 19 years of age and younger. Full time students make up only 20% of the unduplicated headcount while the remaining 80% are part time attendees. The student per faculty ratio decreased by 12% in 2018 from 2017 and student per staff ratio also decreased by 6% with an average class size of 15, further indicating the District's commitment to student success. 55.3% of the student population is minority with 59% female majority.

Accreditation – In order 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. The District is preparing for an upcoming re-accreditation visit in November 2019.

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 2008 to 2017 was greater than 7.0 and for the last 8 years has been greater than 8.0. In 2015, the HLC requested the CFI be calculated with and without the new accounting and financial reporting guidelines for pensions adopted in 2015. The HLC recognized it would have a significant impact to the financials and

related indicators. The District's 2017 CFI including pensions was 8.37 and excluding pensions was 8.44. The chart below indicates the CFI excluding pensions for 2017.



REGIONAL ECONOMIC OUTLOOK

Navajo and Apache Counties continue to struggle in spite of other signs of state and national recovery. According to the Bureau of Labor Statistics, Arizona’s unemployment rate for August 2018 was 4.6% which is lower than it was a year ago for the same period when it was 4.7% and is still higher than the nation’s unemployment rate of 3.9% for August 2017. In Navajo County, the unemployment rate is up .3% from August 2017 at 7.6% for August 2018 and Apache County is still in the double digits at 10.5%, also an increase of .1% from prior year.

The District continues to see annual student enrollment using full time student equivalents mildly decrease. When comparing Fall 2017 to Fall 2016, the District had an enrollment decrease of 1% and comparing Spring 2018 to Spring 2017 there was an enrollment decrease of 4%. According to the National Student Clearinghouse Research Center enrollment decreased 1.7% for Fall 2016 and Spring 2017 2.5% for 2-year public institutions.

FINANCIAL POLICIES

The District adopted the *Cash Reserve Policy* and the *Future Capital Reserve Policy* in prior years and they had a significant impact on current financials. The *Cash Reserve Policy* recognizes the importance of maintaining adequate reserves in order to ensure financial and operational stability and requires the College to maintain unallocated cash levels equal to at least one (1) year of budgeted expenses. The *Future Capital Reserve Policy* recognizes the importance of maintaining adequate reserves to ensure future capital financial resources and to reduce the cost of capital acquisitions. These policies result in more than \$41 million set aside for financial stability of the District annually.

CURRENT MAJOR INITIATIVES

HLC Accreditation – The District continues to prepare for an upcoming HLC accreditation renewal visit slated for November 2019. In advance of that visit, working teams were established in 2017 for each of the five (5) criterion areas. This collaborative accreditation committee has

maintained steady and meaningful assessment, evidence gathering and establishment and argument development to support the re-accreditation discussion and presentation.

Strategic Plan – The District’s redesigned strategic plan focuses on two priorities: improve student success by identifying and removing barriers and enhancing user experience with technology, while improving internal and external communications. The two priorities are supported by operational plans specifying activities, resources needed, timelines, and targeted outcomes desired. The strategic plan guides the college as it prioritizes and accomplishes the identified initiatives and manages limited resources.

Technology – An impressive \$1.4 million dollars has been invested in the college communication and connectivity network. Over the course of three (3) fiscal years, the District has replaced the microwave technology and created a much needed redundancy utilizing existing towers and new equipment. The implementation and completion of this project results in better quality and connections between campuses, further enabling the college to reduce barriers to learning and reach students at remote locations and campuses.

Transportation – The Strategic Planning Committee also developed and implemented a college-wide pilot program allowing students in remote locations to use college vehicles to attend lab courses that are prohibitive to offer at the campus or center closest to them. This initiative was undertaken with underutilized fleet vehicles and maximizes those resources while supporting student success.

Document Imaging - Recognizing that enhancing user experience and student success includes streamlining admissions, enrollment, registration and payment processes, the college has undertaken an electronic document storage and workflow process. A project team from highly impacted departments such as Registration, Financial Aid, Human Resources and the Business Office are moving this project forward methodically.

UPCOMING MAJOR INITIATIVES

Enrollment Management – Recognizing the trend in declining enrollment, the college has taken a proactive approach to student enrollment and recruitment. A committee was appointed in 2017 to address the challenges the college faces in attendance, persistence and completion and was tasked with revising the Enrollment Management document and developing an operational plan to accomplish those goals and activities identified. As a result of its work, the Enrollment Management planning team has defined a vision statement and a set of broad strategic goals.

Given the reality of a declining pool of potential traditional-age college students in the service area, coupled with local job scarcities that impact the appeal of training/certification for an adult student population, NPC must significantly shift the manner in which it fulfills its current mission statement. The college must:

- Restructure and modernize service and instructional delivery to retain a higher percentage of current students
- Refocus recruitment and marketing efforts around digital and social media platforms to meet potential students where they operate
- Re-engage campuses and centers in local communities to place the college at the center of those communities
- Pursue low-cost, high-yield enrollment opportunities that leverage the college’s tuition price point as a competitive advantage

- Identify and aggressively pursue partnership opportunities that reduce cost and create openings for new or expanded enrollment markets

The next steps include expanding these goals and identifying specific operational plans that will develop each into a reality, creating ownership, accountability and positive student impact.

Risk Management – Entity-wide risk assessment, including the Information Technology area, has been identified as a current and critical need at the college-wide level. This assessment and annual review protocol will aid in identifying, mitigating, planning and responding to a diverse variety of entity susceptible dangers.

Capital Improvements – The college has made a significant investment in its infrastructure and is committed to the upkeep and ongoing maintenance and replacement.

Technology has received concentrated focus over the last fiscal year and into the next few years as platforms evolve, students coming into the college are technology natives and require the same level of technology at the institution. This technology is also being used to reach more students at the dual enrollment level as well as in geographically separate locations, further broadening the reach of the college and systematically lessening the “education desert” designation that northeastern Arizona has been labelled.

Building and Infrastructure is another area in which the college is preparing to make significant investment as enrollment demographics shift and facilities depreciate and devalue. Plans include remodeling existing facilities and constructing new buildings estimated between \$15-20 million over the next several years to address specific campus and student needs.

FINANCIAL INFORMATION

Effective management of the District’s funds through internal controls, budgetary controls, cash management, financial policies 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 Chief Business Officer. 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, 2018.

The District's component units, NPC Friends and Family and NATC, are audited by a local CPA. Both component units received unmodified opinions for the fiscal year ended June 30, 2018.

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, 2017. 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,

Maderia J. Ellison
Associate Vice President/Chief Business Officer

Amber L. Hill
Controller



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, 2017

Christopher P. Morrill

Executive Director/CEO

PRINCIPAL OFFICERS

As of June 30, 2018

DISTRICT GOVERNING BOARD

Mr. Daniel Peaches, District 1

Mr. George Joe, District 2

Mr. Frank Lucero, District 3

Mr. James Matteson, District 4

Mr. Derrick Leslie, District 5

EXECUTIVE TEAM

Dr. Jeanne Swarthout, President

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

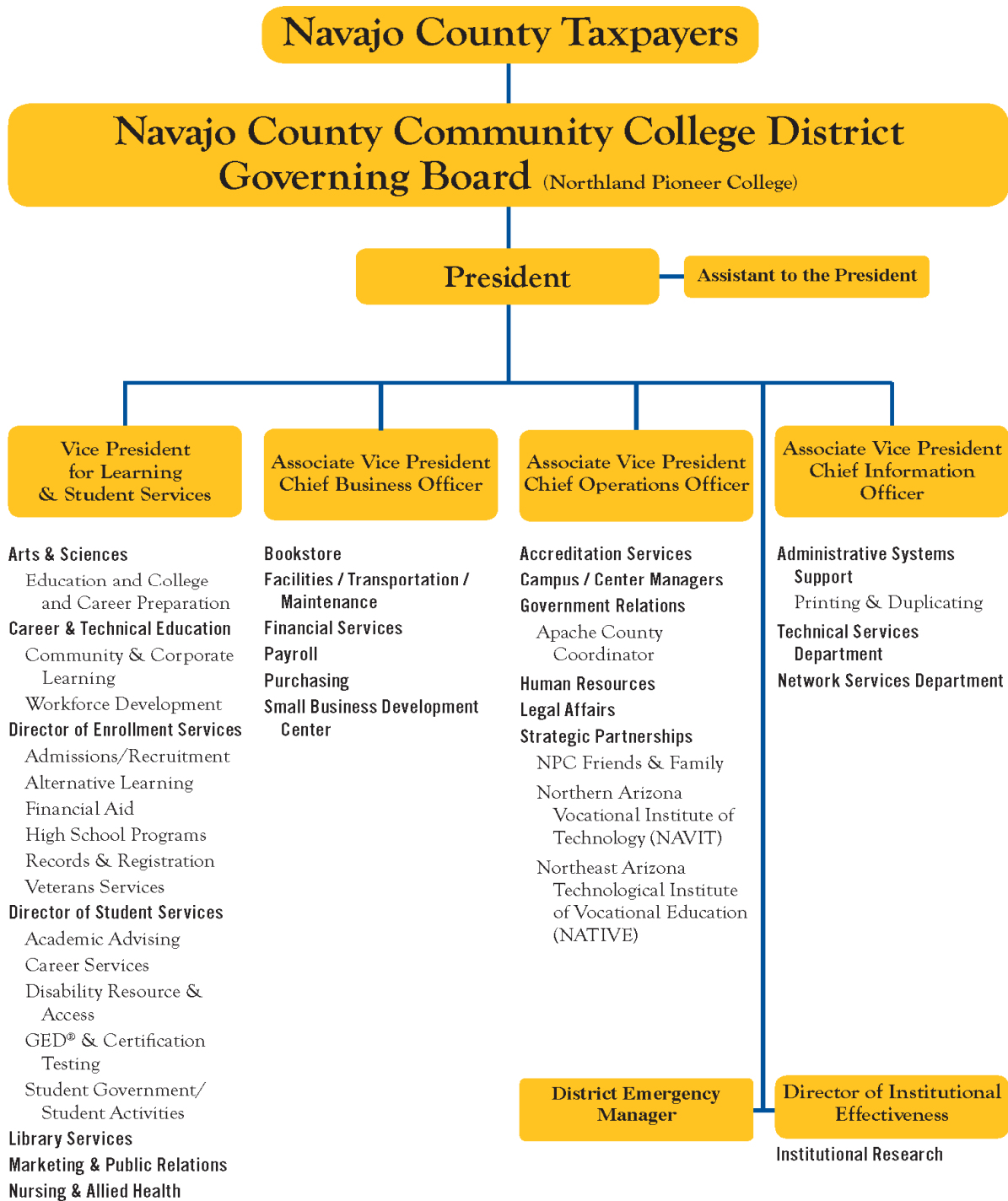
Ms. Maderia J. Ellison, Associate Vice President, Chief Business Officer

Vacant, Associate Vice President, Chief Operations Officer

Mr. Philip J. Way, Associate Vice President, Chief Information Officer

ORGANIZATION CHART

JUNE 30, 2018



MISSION

Northland Pioneer College provides, supports and promotes lifelong learning.

OUR SHARED VISION

NPC provides a learner-centered environment, responds to community needs through effective and innovative service to our students, and fosters professional growth and collegial collaboration.

OUR SHARED VALUES

NPC upholds the following Values

- A quality learning environment
- Diversity and accessibility
- Integrity and accountability
- Collaboration toward success

Financial Section



Northland Pioneer College
EXPANDING MINDS • TRANSFORMING LIVESSM



MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

ARIZONA AUDITOR GENERAL
LINDSEY A. PERRY

JOSEPH D. MOORE
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 Navajo County Community College District as of and for the year ended June 30, 2018, 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 reports have 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 other auditors' reports. 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 other auditors did not audit the discretely presented component units' financial statements 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 report 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, 2018, 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.

Other matters

Required supplementary information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 15 through 21, schedule of the District's proportionate share of the net pension liability on page 46, and schedule of District's pension contributions on page 47 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.

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 will issue our report 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 at a future date. The purpose of that report is solely 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 the effectiveness of the District's 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.

Lindsey Perry, CPA, CFE
Auditor General

November 9, 2018

Navajo County Community College District
(Northland Pioneer College)
Management's Discussion and Analysis
Year Ended June 30, 2018

The discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the year ended June 30, 2018. 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, 2018. 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, 2018. 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, 2018. 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
(Northland Pioneer College)
Management's Discussion and Analysis
Year Ended June 30, 2018

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, 2018 and June 30, 2017:

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

	2018	2017	% Change
Assets:			
Current assets	\$ 60,869,148	\$55,739,150	9%
Noncurrent assets, other than capital assets	1,022,320	911,784	12%
Capital assets, net	<u>39,379,263</u>	<u>39,149,873</u>	1%
Total assets	<u>101,270,731</u>	<u>95,800,807</u>	6%
Deferred Outflow of Resources:			
Deferred outflows related to pensions	<u>2,319,098</u>	<u>3,927,126</u>	-41%
Liabilities:			
Other liabilities	2,156,740	2,214,532	-3%
Long-term liabilities	<u>19,234,566</u>	<u>21,030,904</u>	-9%
Total liabilities	<u>21,391,306</u>	<u>23,245,436</u>	-8%
Deferred Inflow of Resources			
Deferred inflows related to pensions	<u>2,302,480</u>	<u>3,265,538</u>	-29%
Net Position:			
Net investment in capital assets	39,379,263	39,149,874	1%
Restricted	256,361	253,180	1%
Unrestricted	<u>40,260,419</u>	<u>33,813,905</u>	19%
Total net position	<u>\$ 79,896,043</u>	<u>\$73,216,959</u>	9%

Total assets increased \$5.5 million, or 6 percent, concentrated in current assets of \$5.1 million or 9 percent. Cash and investments made up \$5.0 million of the current assets increase due to the District's policy to preserve and maintain ample operational and capital cash reserves. Prepaid items increased \$.2 million, or 29 percent due to an increase in multi-year software license purchases.

Total noncurrent assets, other than capital assets increased 12 percent or \$.1 million due to the aging of student accounts receivable. Net capital assets increased \$.2 million or 1 percent and included \$.5 million increase in construction in process as the microwave communication redundancy plan continued and building improvements were completed at multiple locations; however, depreciation outpaced construction resulting in a \$.3 million offset.

Navajo County Community College District
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Year Ended June 30, 2018

Deferred outflows related to pensions decreased by 41 percent or \$1.6 million due largely to \$.8 million increase in a change in assumptions, \$.2 million change in projected and actual earnings of pension investment and changes in proportion and differences between employer contributions and share of proportionate contributions and a \$.6 million proportionate share of plan pension expense.

Total liabilities decreased \$1.9 million or 8 percent. Current Liabilities account for less than \$.1 million of the decrease. Non-current liabilities decreased \$1.8 million or 9 percent primarily due to a decrease in net pension liability of \$1.8 million.

Deferred inflows decreased by 29 percent or \$1.0 million due to the \$1.0 million change in proportion and differences between employer contributions and share of proportionate contributions.

Total net position increased \$6.7 million or 9 percent primarily in unrestricted net position which increased by \$6.4 million or 19 percent. This was accomplished with an increase in total revenues of \$.9 million or 3 percent offset by expenses decreasing \$1.0 million or less than 4 percent. The District continues to focus on cost reduction in all areas of operations. Net investment in capital assets increased \$.2 million or 1 percent resulting from depreciation accelerating faster than additional capital investment. The increase in net position will be added to operational and capital reserves to bolster current and future financial health and strategic initiatives.

The condensed financial information 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)
Management's Discussion and Analysis
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**Condensed Statement of Revenues, Expenses, and
Changes in Net Position—Primary Government
Year Ended June 30**

	<u>2018</u>	<u>2017</u>	<u>% Change</u>
Revenues:			
Operating			
Tuition and fees, net	\$ 2,328,188	\$ 2,388,164	-3%
Government contracts	2,516,324	2,808,825	-10%
Bookstore income, net	8,549	12,231	-30%
Other	<u>270,958</u>	<u>412,543</u>	-34%
Total operating revenues	<u>5,124,019</u>	<u>5,621,763</u>	-9%
Nonoperating			
Property taxes	14,879,623	14,383,804	3%
State appropriations	8,690,200	8,041,200	8%
Government grants	3,921,699	3,800,723	3%
Private grants	326,482	381,230	-14%
Share of state sales taxes	471,721	474,310	-1%
Investment earnings	<u>549,641</u>	<u>279,951</u>	96%
Total nonoperating revenues	<u>28,839,366</u>	<u>27,361,218</u>	5%
Total revenues	<u>33,963,385</u>	<u>32,982,981</u>	3%
Expenses:			
Operating	\$27,242,192	\$28,232,323	-4%
Nonoperating	<u>42,109</u>	<u>3,197</u>	1217%
Total expenses	<u>27,284,301</u>	<u>28,235,520</u>	-3%
Increase in net position	6,679,084	4,747,461	41%
Total net position, July 1	<u>73,216,959</u>	<u>68,469,498</u>	7%
Total net position, June 30	<u>\$79,896,043</u>	<u>\$73,216,959</u>	9%

Total revenues exceed total expenses by \$6.7 million. The available funds will support future capital needs by setting aside resources as outlined in the District's *Future Capital Reserve* policy.

Total operating revenues decreased \$.5 million, or 9 percent. Government contracts decreased \$.3 million or 10 percent related to a decline in enrollment. Tuition and fees revenue decreased \$.1 million, or 3 percent due to a decline in enrollment. Discount tuition which was offered for Adult Basic Education classes starting with Fall 2014 and for all summer classes starting in 2015 continues. The District considered these tuition waivers essential in helping to provide economic relief to students who had barriers in attending college.

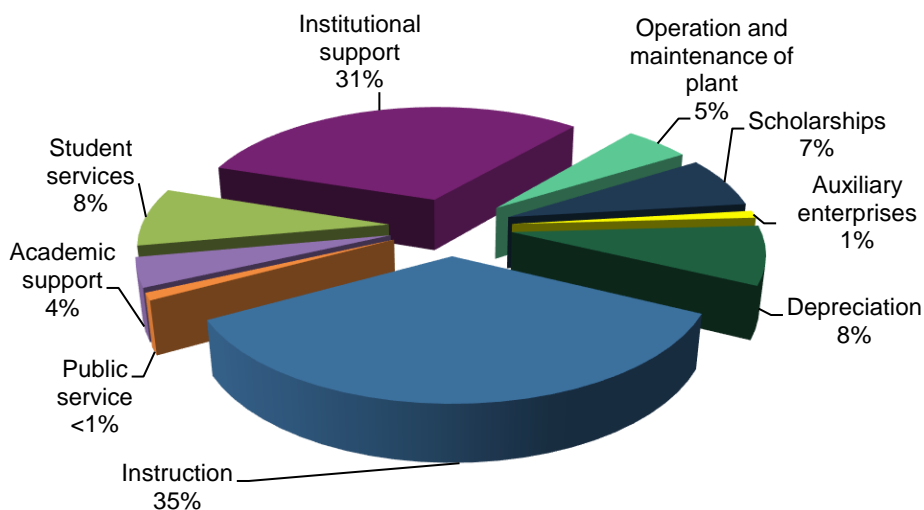
Total nonoperating revenues increased by \$1.5 million, or 5 percent. Property taxes increased \$.5 million over the prior fiscal year. Property tax revenues account for 44 percent of total revenues. The District saw an increase in state appropriations of \$.7 million, or 8 percent, which includes operating state aid, equalization aid and Science, Technology, Engineering, and Mathematics (STEM) funding. The District's state appropriations account for 26 percent of total revenues. Government grants increased 3 percent or \$.1 million largely due to spending in the Title III Technology Grant. Private grants decreased by 14 percent or \$.1 million in large part due to significant programs implemented by NPC Friends and Family for scholarships shifting to direct payment to students such as tuition waivers and reduced tuition.

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(Northland Pioneer College)
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Investment earnings increased \$.3 million or 96 percent thanks to almost double the interest rate earned with the investment pool.

	<u>2018</u>	<u>2017</u>	<u>% Change</u>
Operating Expenses			
Educational and general:			
Instruction	\$ 9,555,790	\$ 9,592,910	0%
Public service	32,012	35,657	-10%
Academic support	1,042,887	1,087,234	-4%
Student services	2,068,628	2,161,513	-4%
Institutional support	8,484,090	8,204,043	3%
Operation and maintenance	1,481,875	2,270,571	-35%
Scholarships	2,000,677	2,133,721	-6%
Auxiliary enterprises	375,564	371,401	1%
Depreciation	<u>2,200,669</u>	<u>2,375,273</u>	-7%
Total operating expenses	<u>27,242,192</u>	<u>28,232,323</u>	-4%
Nonoperating Expenses			
Interest expense		1,574	-100%
Loss on disposal of asset	<u>42,109</u>	<u>1,623</u>	2495%
Total nonoperating expense	<u>42,109</u>	<u>3,197</u>	1217%
Total expenses	<u>\$27,284,301</u>	<u>\$28,235,520</u>	-3%

2018 Operating Expenses by Category



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Total expenses declined by \$1.0 million overall due to cost savings and operational efficiencies. The District continues to focus on maintaining comprehensive and quality services to the students and the needs of communities in its service area while practicing responsible stewardship. The District has enjoyed the tenure of many experienced faculty and staff over the years and is experiencing an increase in employee retirements, causing an increase in vacancies. This along with a focused effort on facilities efficiency has resulted in a decrease in operations and maintenance of \$.8 million or 35 percent as well as depreciation decrease of \$.2 million or 7 percent.

While Instruction expenses held flat, Academic support observed a small decrease of 4 percent or less than \$.1 million due to staffing fluctuations. Student Services also experienced a slight decrease of 4 percent or \$.1 million.

The scholarship programs aim 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 and saw a decrease of 6 percent or \$.1 million as aid followed an enrollment decline.

Total net position increased by \$6.7 million or 9 percent.

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. In the upcoming year the District plans to spend \$11 million on capital assets.

Additional information on the District's capital assets can be found in Note 3.

The District currently has no long-term debt other than compensated absences and pension liabilities and does not anticipate acquiring new debt in the near future.

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 year 2018 but the District Governing Board voted to remain within the 2 percent Truth in Taxation levy limit for 2019. Taxpayer opposition to increases in property taxes continues to grow especially with the stagnant local economy and declining assessed values in Navajo and Apache Counties.

Navajo County's largest taxpayer, Arizona Public Service is reducing its presence in the region, thereby reducing the assessed valuation of property within the District annually and laying off or re-assigning plant employees to other facilities out of district. The activity will result in a decline in property taxes, industrial client portfolio and employer base for the area. The declining tax base and inevitable loss of jobs and industry present additional financial challenges to overcome and plan for in the near future.

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Year Ended June 30, 2018

Overall state appropriations used to support the District's operations increased by \$.6, or 8 percent for fiscal year 2018 from fiscal year 2017. The District received equalization aid of \$6.7 million in fiscal year 2018, which was an increase of 9 percent from the prior year. STEM funding, previously known as capital appropriations, was \$.4 million in fiscal year 2018. Overall state funding has increased; however, with no expectation of remaining and possible elimination is always on the horizon.

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 is in its third award year with 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. This project expands the dual credit program and continues to bring remote high school districts together through a distance learning environment to provide higher education credits and classes to underserved populations and regions of the District. As this grant ends in the next year, discussions are in process to expand and formalize this modality to maximize the educational footprint in our rural district.

The District also continuously evaluates its tuition and fee structure. The District is sensitive to 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 \$70 to \$72 per credit hour in fiscal year 2018. The District continues to offer the lowest tuition rate in the State.

Entity wide risk assessment and capital facilities improvements will be a concentrated focus this upcoming year. Cyber and personal security are in the forefront of District concerns in order to maintain and enhance employee safety and District exposure.

Streamlining the student admission, registration, payment and enrollment process tops the district's priorities as the Enrollment Management committee proceeds to implement those strategic activities related to growing student enrollment and enhancing student success and experience. Also involved in promoting student success is a focus on objectives that create a more user friendly financial aid process, a guided pathways model for coursework and fostering a more engaging learning environment will evolve as guiding pillars as the college plans for the future.

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, 2018

	Business-Type Activities
Assets	
Current assets:	
Cash and cash equivalents	\$ 58,156,821
Receivables (net of allowances for uncollectibles):	
Accounts	1,193,624
Property taxes	481,737
Student	424,997
Inventories	3,562
Prepaid items	608,407
Total current assets	60,869,148
Noncurrent assets:	
Restricted assets:	
Cash and investments	256,361
Property taxes receivable (net of allowances of \$90,000)	27,906
Student receivable (net of allowances of \$1,248,078)	738,053
Capital assets, not being depreciated	2,020,106
Capital assets, being depreciated, net	37,359,157
Total noncurrent assets	40,401,583
Total assets	101,270,731
Deferred Outflows of Resources	
Deferred outflows related to pensions	2,319,098
Liabilities	
Current liabilities:	
Accounts payable	436,963
Accrued payroll and employee benefits	331,515
Unearned revenues	1,092,798
Current portion of compensated absences payable	295,464
Total current liabilities	2,156,740
Noncurrent liabilities:	
Compensated absences payable	98,488
Net pension liability	19,136,078
Total noncurrent liabilities	19,234,566
Total liabilities	21,391,306
Deferred Inflows of Resources	
Deferred inflows related to pensions	2,302,480

(Continued)

See accompanying notes to financial statements.

Navajo County Community College District
(Northland Pioneer College)
Statement of Net Position - Primary Government
June 30, 2018
(Concluded)

	Business-Type Activities
Net Position	
Net investment in capital assets	\$ 39,379,263
Restricted:	
Nonexpendable - endowments	12,414
Expendable:	
Scholarships	243,947
Unrestricted	40,260,419
Total net position	\$ 79,896,043

See accompanying notes to financial statements.

Navajo County Community College District
(Northland Pioneer College)
Statement of Financial Position - Component Units
June 30, 2018

	NPC Friends & Family	Northeast Arizona Training Center, Inc.	Total
Assets			
Cash and cash equivalents	\$ 120,377	\$ 95,216	\$ 215,593
Restricted cash - savings	25,889		25,889
Investments:			
Marketable securities	295,573		295,573
Marketable securities - restricted	223,278		223,278
Real estate	8,000		8,000
Prepaid expense		12,797	12,797
Property and equipment, net of accumulated depreciation		1,867,118	1,867,118
Total assets	\$ 673,117	\$ 1,975,131	\$ 2,648,248
Net Assets			
Unrestricted	520,839	1,975,131	2,495,970
Temporarily restricted			
Permanently restricted	152,278		152,278
Total net assets	673,117	1,975,131	2,648,248
 Total liabilities and net assets	 \$ 673,117	 \$ 1,975,131	 \$ 2,648,248

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, 2018

	Business-Type Activities
Operating revenues:	
Tuition and fees, net of scholarship allowances of \$2,606,312	\$ 2,328,188
Government contracts	2,516,324
Bookstore income, net of scholarship allowances of \$26,187	8,549
Other sales and services	123,753
Other	147,205
Total operating revenues	5,124,019
Operating expenses:	
Educational and general:	
Instruction	9,555,790
Public service	32,012
Academic support	1,042,887
Student services	2,068,628
Institutional support	8,484,090
Operation and maintenance of plant	1,481,875
Scholarships	2,000,677
Auxiliary enterprises	375,564
Depreciation	2,200,669
Total operating expenses	27,242,192
Operating loss	(22,118,173)
Nonoperating revenues and expenses:	
Property taxes	14,879,623
State appropriations	8,690,200
Government grants	3,921,699
Private grants	326,482
Share of state sales taxes	471,721
Investment earnings	549,641
Loss on disposal of capital assets	(42,109)
Total nonoperating revenues and expenses	28,797,257
Increase in net position	6,679,084
Total net position, July 1, 2017	73,216,959
Total net position, June 30, 2018	\$ 79,896,043

See accompanying notes to financial statements.

Navajo County Community College District
(Northland Pioneer College)
Statement of Activities - Component Units
Year Ended June 30, 2018

	NPC Friends & Family	Northeast Arizona Training Center, Inc.	Total
Changes in Unrestricted Net Assets			
Contributions	\$ 8,907	\$ 1,500	\$ 10,407
Memberships and usage fees		29,750	29,750
Interest income	64		64
Unrestricted Support		5,500	5,500
Other income		1,054	1,054
Net investment return	10,553		10,553
Net special events revenue	69,881		69,881
Total unrestricted support	<u>89,405</u>	<u>37,804</u>	<u>127,209</u>
Net assets released from restrictions	71,000		71,000
Total unrestricted revenues and support	<u>160,405</u>	<u>37,804</u>	<u>198,209</u>
Expenses:			
Program services	43,115		43,115
Support services	9,672	134,040	143,712
Total expenses	<u>52,787</u>	<u>134,040</u>	<u>186,827</u>
Increase (Decrease) in unrestricted net assets	<u>107,618</u>	<u>(96,236)</u>	<u>11,382</u>
Changes in Permanently Restricted Net Assets			
Contributions	73,821		73,821
Net assets released from restrictions	(71,000)		(71,000)
Net investment return	4,010		4,010
Increase in permanently restricted net assets	<u>6,831</u>		<u>6,831</u>
Expenses:			
Program services	2,500		2,500
Total expenses	<u>2,500</u>		<u>2,500</u>
Decrease in restricted net assets	<u>4,331</u>		<u>4,331</u>
Increase (Decrease) in net assets	111,949	(96,236)	15,713
Net assets, beginning of year	561,168	2,071,367	2,632,535
Net assets, end of year	<u>\$ 673,117</u>	<u>\$ 1,975,131</u>	<u>\$ 2,648,248</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, 2018

	Business-Type Activities
Cash flows from operating activities:	
Tuition and fees	\$ 2,328,836
Government contracts	2,946,132
Bookstore receipts	8,549
Other receipts	270,958
Payments to suppliers and providers of goods and services	(6,715,534)
Payments for employee wages and benefits	(17,876,551)
Payments to students for scholarships and loans	(1,998,572)
Net cash used for operating activities	(21,036,182)
Cash flows from noncapital financing activities:	
Property taxes	14,868,869
State appropriations	8,690,200
Government grants	3,529,943
Private grants	326,482
Share of state sales taxes	481,317
Net cash provided by noncapital financing activities	27,896,811
Cash flows from capital and related financing activities:	
Purchase and construction of capital assets	(2,472,170)
Net cash used by capital and related financing activities	(2,472,170)
Cash flows from investing activities:	
Interest received on investments	549,641
Net cash provided by investing activities	549,641
Net increase in cash and cash equivalents	4,938,100
Cash and cash equivalents, July 1, 2017	53,475,082
Cash and cash equivalents, June 30, 2018	\$ 58,413,182

(Continued)

Navajo County Community College District
(Northland Pioneer College)
Statement of Cash Flows - Primary Government
Year Ended June 30, 2018
(Concluded)

	Business-Type Activities
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (22,118,173)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	2,200,669
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Student accounts receivable	(179,815)
Prepaid items	(172,055)
Net pension liability	(1,798,805)
Accounts payable	(325,865)
Compensated absences payable	9,869
Unearned revenue	179,263
Accrued payroll and employee benefits	81,408
Accounts receivable	435,516
Inventories	6,836
Deferred inflows related to pensions	(963,058)
Deferred outflows related to pensions	1,608,028
Net cash used for operating activities	\$ (21,036,182)
Reconciliation of cash and cash equivalents, as presented on the Statement of Net Position:	
Cash and cash equivalents	\$ 58,156,821
Restricted assets:	
Cash and cash investments	256,361
Total cash and cash equivalents, June 30, 2018	\$ 58,413,182

See accompanying notes to financial statements.

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2018

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).

A. Reporting Entity

The District is a special-purpose government that a separately elected governing body governs. 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, 2018, NPC Friends & Family distributed \$29,184 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.

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. 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.

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2018

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 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

Navajo County Community College District
 (Northland Pioneer College)
 Notes to Financial Statements
 June 30, 2018

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

Resale inventory is 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 acquisition value.

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:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	All	Not applicable	Not applicable
Buildings	5,000	Straight-line	10 – 40 years
Improvements other than buildings	5,000	Straight-line	20 – 40 years
Intangibles	5,000	Straight-line	10 – 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.

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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. 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 pays. 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.

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

Note 2 - 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.

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Deposits—At June 30, 2018, the carrying amount of the District’s deposits was \$2,500,934, and the bank balance was \$2,939,531. The District does not have a policy for custodial credit risk.

Investments—The District’s investments at June 30, 2018, were as follows:

External investment pools measured at fair value	Amounts
State Treasurer’s investment pool 5	\$18,496,097
County Treasurer’s investment pool	<u>37,411,371</u>
Total investments measured at fair value	<u>\$55,907,468</u>

Investments in the State Treasurer’s investment pools are valued at the pool’s share price multiplied by the number of shares the District held. The fair value of a participant’s position in the pools approximates the value of that participant’s pool shares. The investment in the County Treasurer’s pool is valued using the District’s proportionate participation in the pool because the pool’s structure does not provide for shares. The State Board of Investment provides oversight for the State Treasurer’s investment pools. No comparable oversight is provided for the County Treasurer’s investment pool.

Credit Risk—The District does not have a formal policy for credit risk. At June 30, 2018, credit risk for the District’s investments was as follows:

Investment Type	Rating	Rating Agency	Amount
State Treasurer’s investment pool 5	AAAf/S1+	Standard and Poor’s	\$18,496,097
County Treasurer’s investment pool	Unrated	Not applicable	<u>37,411,371</u>
Total			<u>\$55,907,468</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, 2018, the District had the following investments in debt securities:

Investment Type	Amount	Weighted Average Maturity
State Treasurer’s investment pool 5	\$18,496,097	1.08 months
County Treasurer’s investment pool	<u>37,411,371</u>	14.42 months
Total	<u>\$55,907,468</u>	

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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	\$ 4,780	Cash and cash equivalents	\$58,156,821
Amount of deposits	2,500,934	Restricted assets:	
Amount of investments	<u>55,907,468</u>	Cash and investments	<u>256,361</u>
Total	<u>\$58,413,182</u>	Total	<u>\$58,413,182</u>

Note 3 - Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets not being depreciated:				
Land	\$ 757,173		\$ 47,882	\$ 709,291
Construction in progress	<u>761,036</u>	\$ 671,685	<u>121,907</u>	<u>1,310,814</u>
Total capital assets not being depreciated	<u>1,518,209</u>	<u>671,685</u>	<u>169,789</u>	<u>2,020,105</u>
Capital assets being depreciated:				
Buildings	41,867,230	1,207,154	94,374	42,980,010
Equipment	7,166,866	739,302	97,475	7,808,693
Improvements other than buildings	10,474,627	26,636		10,501,263
Library books	<u>604,954</u>	<u>56,832</u>	<u>69,114</u>	<u>592,672</u>
Total capital assets being depreciated	<u>60,113,677</u>	<u>2,029,924</u>	<u>260,963</u>	<u>61,882,638</u>
Less accumulated depreciation for:				
Buildings	13,921,211	1,078,315	2,359	14,997,167
Equipment	4,523,999	719,470	87,727	5,155,742
Improvements other than buildings	3,728,982	351,632		4,080,614
Library books	<u>307,820</u>	<u>51,253</u>	<u>69,114</u>	<u>289,959</u>
Total accumulated depreciation	<u>22,482,012</u>	<u>2,200,670</u>	<u>159,200</u>	<u>24,523,482</u>
Total capital assets being depreciated, net	<u>37,631,665</u>	<u>(170,746)</u>	<u>101,763</u>	<u>37,359,156</u>
Capital assets, net	<u>\$39,149,874</u>	<u>\$ 500,939</u>	<u>\$271,552</u>	<u>\$39,379,261</u>

Note 4 - Construction Commitments

As of June 30, 2018, the District had entered into a contract for a District-wide microwave tower and communication connectivity project. The amount spent on this project in Construction in Progress as of June 30, 2018 was \$1,310,815. The remaining commitment on this project is approximately \$60,000 and is expected to be completed in fiscal year 2019. This project is being financed by unrestricted net position designated by the District Governing Board for these purposes.

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Note 5 - Long-Term Liabilities

The following schedule details the District's long-term liability and obligation activity for the year ended June 30, 2018:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Due within 1 year
Compensated absences payable	\$ 384,083	\$ 383,672	\$ 373,803	\$ 393,952	\$295,464
Net pension liability	<u>20,934,883</u>	<u>4,430,080</u>	<u>6,228,885</u>	<u>19,136,078</u>	
Total long-term liabilities	<u>\$21,318,966</u>	<u>\$4,813,752</u>	<u>\$6,602,688</u>	<u>\$19,530,030</u>	<u>\$295,464</u>

Note 6 - 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 \$10 million per occurrence with no deductible. The coverage limit for employer's liability is \$2 million with a \$500,000 deductible. The coverage limit for cyber liability is \$1 million per occurrence with a \$15 million aggregate limit shared with all Trust members with a \$5,000 deductible. The coverage limit for professional liability is \$1 million per occurrence and \$10 million aggregate limit with no deductible. Coverage limit for property insurance is based on the district's total insurable value at an estimated amount of \$61 million with a \$1,000 deductible per occurrence. The coverage limit for automobile liability is \$10 million per occurrence with no deductible. The coverage limit for commercial crime is \$1.5 million per occurrence with a \$100 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, 2018. 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.

Note 7 - 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 \$251,787 for the year ended June 30, 2018. The operating leases have remaining non-cancelable terms of 1 to 5 years and provide renewal options.

The following future minimum payments were required under the operating leases at June 30, 2018:

Year ending June 30	
2019	\$233,527
2020	119,127
2021	78,856
2022	80,255
2023	<u>74,487</u>
Total minimum lease payments	<u>\$586,252</u>

Note 8 - Pension Benefits

Plan description—District employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension 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 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 website at www.azasrs.gov.

Benefits provided—The ASRS provides retirement, 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:

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	Retirement	
	Initial membership date:	
	Before July 1, 2011	On or after July 1, 2011
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 retirement benefit option chosen determines the survivor benefit. 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, 2018, statute required active ASRS members to contribute at the actuarially determined rate of 11.34 percent for retirement of the members' annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 10.9 percent for retirement of the active members' annual covered payroll. In addition, the District was required by statute to contribute at the actuarially determined rate of 9.26 percent for retirement of annual covered payroll of retired members who worked for the District in positions that an employee who contributes to the ASRS would typically fill. The District's contributions to the pension plan for the year ended June 30, 2018, were \$1,310,764.

Pension liability—At June 30, 2018, the District reported a liability of \$19,136,078 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2017. 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, 2016, to the measurement date of June 30, 2017. The total pension liability as of June 30, 2017, reflects an actuarial assumption for a decrease in loads for future potential permanent benefit increases.

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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 employers' contributions for the year ended June 30, 2017. The District's proportion measured as of June 30, 2017, was .12284 percent, which was a decrease of .0053 from its proportion measured as of June 30, 2016.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2018, the District recognized pension expense for ASRS of \$156,207. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience		\$ 573,805
Changes in assumptions	\$ 831,124	572,203
Difference between projected and actual earnings on pension plan investments	137,384	
Changes in proportion and differences between district contributions and proportionate share of contributions	39,826	1,156,472
District contributions subsequent to the measurement date	<u>1,310,764</u>	
Total	<u>\$2,319,098</u>	<u>\$2,302,480</u>

The \$1,310,764 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 ending June 30, 2019. 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 ending June 30,	
2019	\$(1,400,971)
2020	382,365
2021	164,644
2022	(440,187)

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

Actuarial valuation date	June 30, 2016
Actuarial roll forward date	June 30, 2017
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

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Actuarial assumptions used in the June 30, 2016, 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 8.7 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	58%	6.73%
Fixed income	25%	3.70%
Real estate	10%	4.25%
Multi-asset	5%	3.41%
Commodity	<u>2%</u>	3.84%
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 8.7 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	\$24,561,488	\$19,136,078	\$14,602,682

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 had no pension contributions due as of June 30, 2018.

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Note 9 - 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:

Compensation and benefits	\$16,818,499
Contract services	2,089,793
Supplies and other services	2,995,683
Communications and utilities	1,142,965
Scholarships	1,998,572
Depreciation	2,200,669
Other	<u>(3,990)</u>
Total	<u>\$27,242,191</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, 2018.

Note 10 - Discretely Presented Component Units 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.

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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.

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 are reported 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, 2018.

Property & Equipment—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.

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, 2018 is reported as real estate investments.

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Date of Management’s Review—Management has reviewed events subsequent to June 30, 2018, up through the financial statements report date, for NPC Friends & Family, August 22, 2018, and for NATC, August 22, 2018. 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, 2018, 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, 2018, are as follows:

	NPC Friends and Family	NATC
Checking	\$120,377	\$95,216
Money market	518,851	
Savings	<u>25,889</u>	
	<u>\$665,117</u>	<u>\$95,216</u>
Unrestricted cash	\$512,839	\$95,216
Restricted cash	<u>152,278</u>	
	<u>\$665,117</u>	<u>\$95,216</u>

C. Fair Value Measurements

The following table represents the NPC Friends & Family fair value hierarchy for its financial assets (cash and investments) measured at fair value on a recurring basis as of June 30, 2018.

Level 1 inputs: Quoted prices in active markets for identical assets that the Organization has the ability to access at the measurement date.

Level 2 inputs: Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include interest rates at commonly quoted intervals and other inputs not directly observable, but derived principally from, or corroborated by, observable market data.

Level 3 inputs: Unobservable inputs for the asset which are therefore based primarily upon management’s own estimates, the economic and competitive environment, the characteristics of the asset and other such factors. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset.

Assets	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Endowment investments	\$518,851		\$518,851
Real estate investments		<u>\$8,000</u>	<u>8,000</u>
Total	<u>\$518,851</u>	<u>\$8,000</u>	<u>\$526,851</u>

NATC had no fair value measurements as of June 30, 2018.

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D. Investments

Investments are stated at fair market value as of June 30, 2018.

For the year ended June 30, 2018, 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 \$518,851 and the real estate value was approximately \$8,000 as of June 30, 2018.

NATC had no investments as of June 30, 2018.

E. Property and Equipment

The total property and equipment held by NATC at June 30, 2018 are as follows:

	NATC
Land	\$ 110,000
Buildings	620,740
Training facilities	<u>2,151,696</u>
	2,882,436
Less accumulated depreciation	<u>(1,015,318)</u>
	<u>\$ 1,867,118</u>

NPC Friends and Family had no property and equipment as of June 30, 2018.

F. Restrictions on Net Assets

NPC Friends & Family had net assets with donor restrictions in the amount of \$152,278 as of June 30, 2018, consisting of donated contributions and investment earnings, which are available for scholarships in future years.

NATC had no restricted net assets as of June 30, 2018.

G. Endowment Funds

As of June 30, 2018, NPC Friends and Family's endowments consisted of three funds: One fund established for the Martia A. Smith Memorial Art Scholarship, one for the Charles E. Lizitsky Scholarship, one for and one for NPC Friends and Family. The latter was established in October 2014 to assure the future viability of the organization.

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.

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The Board of Directors of NPC Friends and Family has interpreted the Uniform Prudent Management of Institutional Funds Act (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 and 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 earnings that are not classified in permanently restricted net assets are classified as temporarily restricted net assets, until those amounts are appropriated for expenditure by NPC Friends and Family in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, NPC Friends and Family considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) The duration and preservation of the various funds; (2) The purposes of the donor-restricted endowment funds; (3) General economic conditions; (4) The possible effect of inflation and deflation; (5) The expected total return from income and the appreciation of investments; (6) Other resources of NPC Friends and Family; and (7) NPC Friends and Family's investment policies.

The four endowments are managed in separate investment accounts. Transactions within each individual endowment are based on the unit market value at the end of the month during which the transaction takes place for withdrawals and additions. It is the goal of NPC Friends and Family that the total return from each endowment investment should be adequate to meet the following objectives:

- Preserve investment capital and its purchasing power
- Generate sufficient resources to meet spending needs (payout)
- Attain reasonable capital appreciation, through prudent acceptance of risk, to enhance the future purchasing power of the investment capital.

As of June 30, 2018, the endowment assets were invested in marketable securities with Edward Jones. The investments were fully insured by the Securities Investor Protection Corporation (SIPC).

All endowment investments are carried at fair value and classified as non-current regardless of maturity due to restrictions limiting NPC Friends and Family's ability to use these investments. Each endowed account shall have a minimum of \$10,000, said amount to be reached within a three (3) year period from the time of initial donation, which must be at least \$5,000. If, after the three (3) year period has expired, the account has not reached the minimum level prescribed, the contributors to the fund shall have two options: (a) Award the existing amount over a designated period; or (b) authorize combining the fund with another, compatible, existing endowment fund. The three-year period may be waived if a plan has been designed with another approved time period and approved by the Board of Directors. All interest earned in developing endowed accounts shall revert to the fund corpus during the three-year period. No awards shall be made from the developing fund during the three-year period, unless the minimum balance of \$10,000 is reached prior the end of the three-year period. For June 30, 2018, no NPC Friends and Family endowment investment accounts held less than \$10,000.

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2018

The contributor to the fund may impose additional provisions for the scholarships paid from endowments. As of June 30, 2018, there were no distributions from the investment earnings on endowed scholarships. To ensure observance of limitations and restrictions placed on the use of resources available to NPC Friends and Family, net assets, revenues and expenses are classified and reported as follows, based on the existence or absence of donor-imposed restrictions.

Net Assets with Donor Restrictions—include permanent endowments. Such funds are generally subject to donor restrictions requiring the principal to be invested in perpetuity for the purpose of producing income that may be expended or added to principal in accordance with the donor’s wishes. As of June 30, 2018, the Martia A. Smith Memorial Art Scholarship endowment agreement requires the average rate of inflation for the prior calendar year (approximately 0.0% and 1.6%, respectively) of investment earnings to be added back to permanently restricted funds. Contributions designated by donors for use by particular entities or programs or for specific purposes or earnings from permanently restricted endowments, which have not been appropriated for their intended purpose. Term endowments are temporarily restricted, because they are permanent-type endowments, which include an expiration date or stated period of time or occurrence of a specified event, after which all or part of the principal may be expended.

Net Assets without Donor Restrictions—are not subject to donor-imposed restrictions. They also include Board Restricted endowments, of which the corpus can be invaded upon a vote by the Board. The NPC Friends and Family Endowment, established October 2014, falls into this category.

As of June 30, 2018, NPC Friends and Family had the following net asset composition by type of fund:

	2018		Total
	Without Donor Restrictions	With Donor Restrictions	
Endowment net assets, beginning of year	\$240,785	\$147,947	\$388,732
Investment return, net	10,553	4,010	14,563
Contributions	115,235	2,821	118,056
Distributions from board-designated endowment pursuant to policy		(2,500)	(2,500)
Endowment net assets, end of year	<u>\$366,573</u>	<u>\$152,278</u>	<u>\$518,851</u>

NATC had no endowment funds as of June 30, 2018.

H. Related Parties

For the year ended June 30, 2018, 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, 2018, 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.

Required Supplementary Information



Northland Pioneer College
EXPANDING MINDS • TRANSFORMING LIVESSM

Navajo County Community College District
(Northland Pioneer College)
Required Supplementary Information
Schedule of District's Proportionate Share of the Net Pension Liability
June 30, 2018

Arizona State Retirement System	Reporting Fiscal Year (Measurement Date)				
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2009
District's proportion of the net pension liability	0.122840%	0.129700%	0.135990%	0.132141%	
District's proportionate share of the net pension liability	\$19,136,078	\$20,934,883	\$21,181,785	\$19,552,338	
District's covered payroll	\$12,028,742	\$12,224,338	\$12,601,405	\$11,937,540	Information not available
District's proportionate share of the net pension liability as a percentage of its covered payroll	159.09%	171.26%	168.09%	163.79%	
Plan fiduciary net position as percentage of the total pension liability	69.92%	67.06%	68.35%	69.49	

Navajo County Community College District
(Northland Pioneer College)
Required Supplementary Information
Schedule of District's Pension Contributions
June 30, 2018

Arizona State Retirement System	Reporting Fiscal Year					2013 through 2009
	2018	2017	2016	2015	2014	
Statutorily required contribution	\$ 1,310,764	\$ 1,292,303	\$ 1,317,742	\$ 1,362,612	\$ 1,223,689	
District's contributions in relation to the statutorily required contribution	<u>1,310,764</u>	<u>1,292,303</u>	<u>1,317,742</u>	<u>1,362,612</u>	<u>1,223,689</u>	Information not available
District's contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
District's covered payroll	\$12,064,178	\$12,028,742	\$12,224,338	\$12,601,405	\$11,937,540	
District's contributions as a percentage of covered payroll	10.86%	10.74%	10.78%	10.81%	10.25%	

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.

Statistical Section



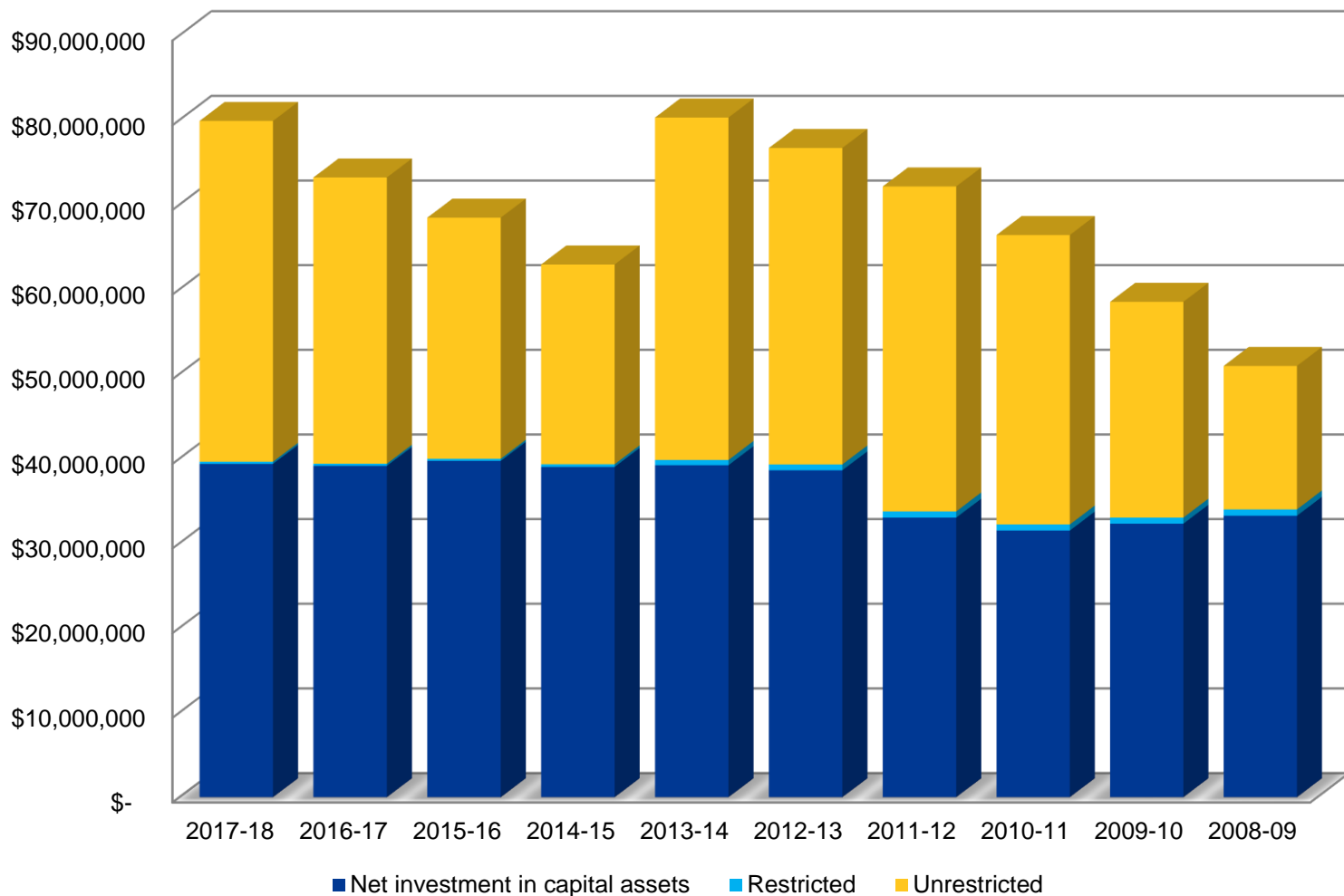
Northland Pioneer College
EXPANDING MINDS • TRANSFORMING LIVESSM

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

	2017-18	2016-17	2015-16	2014-15	2013-14
Primary government					
Net investment in capital assets	\$ 39,379,263	\$ 39,149,874	\$ 39,736,346	\$ 39,022,715	\$ 39,231,822
Restricted	256,361	253,180	251,756	314,958	612,712
Unrestricted	40,260,419	33,813,905	28,481,396	23,599,386	40,454,224
Total primary government net position	\$ 79,896,043	\$ 73,216,959	\$ 68,469,498	\$ 62,937,059	\$ 80,298,758

	2012-13	2011-12	2010-11	2009-10	2008-09
Primary government					
Net investment in capital assets	\$ 38,626,891	\$ 33,030,762	\$ 31,503,651	\$ 32,314,878	\$ 33,252,059
Restricted	691,628	735,512	717,570	716,192	750,289
Unrestricted	37,382,691	38,388,993	34,195,371	25,496,949	16,951,989
Total primary government net position	\$ 76,701,210	\$ 72,155,267	\$ 66,416,592	\$ 58,528,019	\$ 50,954,337

Net Position by Component



Source:
Audited financial statements.

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

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12 (1)	2010-11 (2)	2009-10	2008-09
Operating revenues:										
Tuition and fees, net scholarship allowances	\$ 2,328,188	\$ 2,388,164	\$ 2,478,625	\$ 2,357,891	\$ 2,295,137	\$ 2,466,640	\$ 2,690,260	\$ 2,319,373	\$ 3,062,113	\$ 2,824,047
Government contracts	2,516,324	2,808,825	2,606,064	3,283,218	3,156,936	2,969,273	2,638,049	2,060,376	1,868,359	2,058,901
Bookstore income, net of scholarship allowances	8,549	12,231	61,854	48,491	66,720	42,460	33,564	28,892	701,123	803,661
Other	270,958	412,543	330,747	334,987	352,295	379,831	291,648	369,299	297,825	247,370
Total operating revenues	5,124,019	5,621,763	5,477,290	6,024,587	5,871,088	5,858,204	5,653,521	4,777,940	5,929,420	5,933,979
Operating expenses:										
Instruction	9,555,791	9,592,910	10,304,514	10,927,034	9,761,727	9,660,102	8,827,606	8,450,971	9,067,801	10,565,902
Public service	32,012	35,657	29,904	29,159	35,889	29,387	25,647	13,128	14,178	14,126
Academic support	1,042,887	1,087,234	1,048,291	1,074,313	1,046,927	1,047,037	1,009,880	996,556	985,173	785,099
Student services	2,068,628	2,161,513	2,155,979	2,116,755	2,143,989	2,151,538	2,015,021	1,532,942	3,750,620	3,364,710
Institutional Support	8,484,090	8,204,043	7,959,606	8,719,606	8,475,611	8,308,926	8,481,782	6,681,808	7,151,218	7,814,683
Operation and maintenance of plant	1,481,875	2,270,571	1,780,832	1,941,192	2,118,547	1,867,890	1,758,007	1,563,034	1,599,258	2,037,490
Scholarships	2,000,677	2,133,721	2,292,036	2,273,228	2,240,669	2,570,647	3,094,923	3,128,320	609,337	980,151
Auxiliary enterprises	375,564	371,401	592,749	399,147	559,067	451,470	404,767	1,217,755	1,270,886	1,547,548
Depreciation	2,200,669	2,375,273	2,172,776	2,053,133	1,838,484	1,544,414	1,366,808	1,320,494	1,435,550	1,234,076
Total operating expenses	27,242,192	28,232,323	28,336,687	29,533,567	28,220,910	27,631,411	26,984,441	24,905,008	25,884,021	28,343,785
Operating loss	(22,118,173)	(22,610,560)	(22,859,397)	(23,508,980)	(22,349,822)	(21,773,207)	(21,330,920)	(20,127,068)	(19,954,601)	(22,409,806)
Nonoperating revenues (expenses):										
Property taxes	14,879,623	14,383,804	14,430,117	13,980,187	13,153,327	13,180,294	12,703,703	11,988,497	11,353,707	12,321,619
State appropriations	8,690,200	8,041,200	7,777,000	7,276,900	7,160,800	7,059,800	8,181,800	10,214,000	10,214,000	9,807,911
Government grants	3,921,699	3,800,723	5,126,742	4,728,837	4,740,596	5,018,111	5,502,290	4,955,825	4,956,184	5,083,645
Private grants (3)	326,482	381,230	436,779	297,567	304,219	325,919	360,370	345,534	450,763	529,310
Share of state sales taxes	471,721	474,310	427,216	423,082	435,192	545,682	372,308	386,743	422,737	453,912
Investment earnings	549,641	279,951	188,535	160,532	148,526	170,717	136,283	124,907	130,891	257,027
Interest expense	-	(1,574)	(3,037)	(3,470)	(5,138)	-	(6,854)	(3,428)	-	(67,163)
Gain/(loss) on disposal of capital assets	(42,109)	(1,623)	8,484	41,100	(112,752)	18,627	(180,305)	3,563	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total nonoperating revenues and expenses	28,797,257	27,358,021	28,391,836	26,904,735	25,824,770	26,319,150	27,069,595	28,015,641	27,528,282	28,386,261
Income before other revenues, expenses, gains or loss	6,679,084	4,747,461	5,532,439	3,395,755	3,474,948	4,545,943	5,738,675	7,888,573	7,573,682	5,976,455
Capital appropriations	-	-	-	-	122,600	-	-	-	-	-
Increase in net position	6,679,084	4,747,461	5,532,439	3,395,755	3,597,548	4,545,943	5,738,675	7,888,573	7,573,682	5,976,455
Total net position, July 1 (4)	73,216,959	68,469,498	62,937,059	59,541,304	76,701,210	72,155,267	66,416,592	58,528,019	50,954,337	44,977,882
Total net position, June 30	\$79,896,043	\$73,216,959	\$68,469,498	\$62,937,059	\$80,298,758	\$76,701,210	\$72,155,267	\$66,416,592	\$58,528,019	\$50,954,337

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 intergovernmental 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.

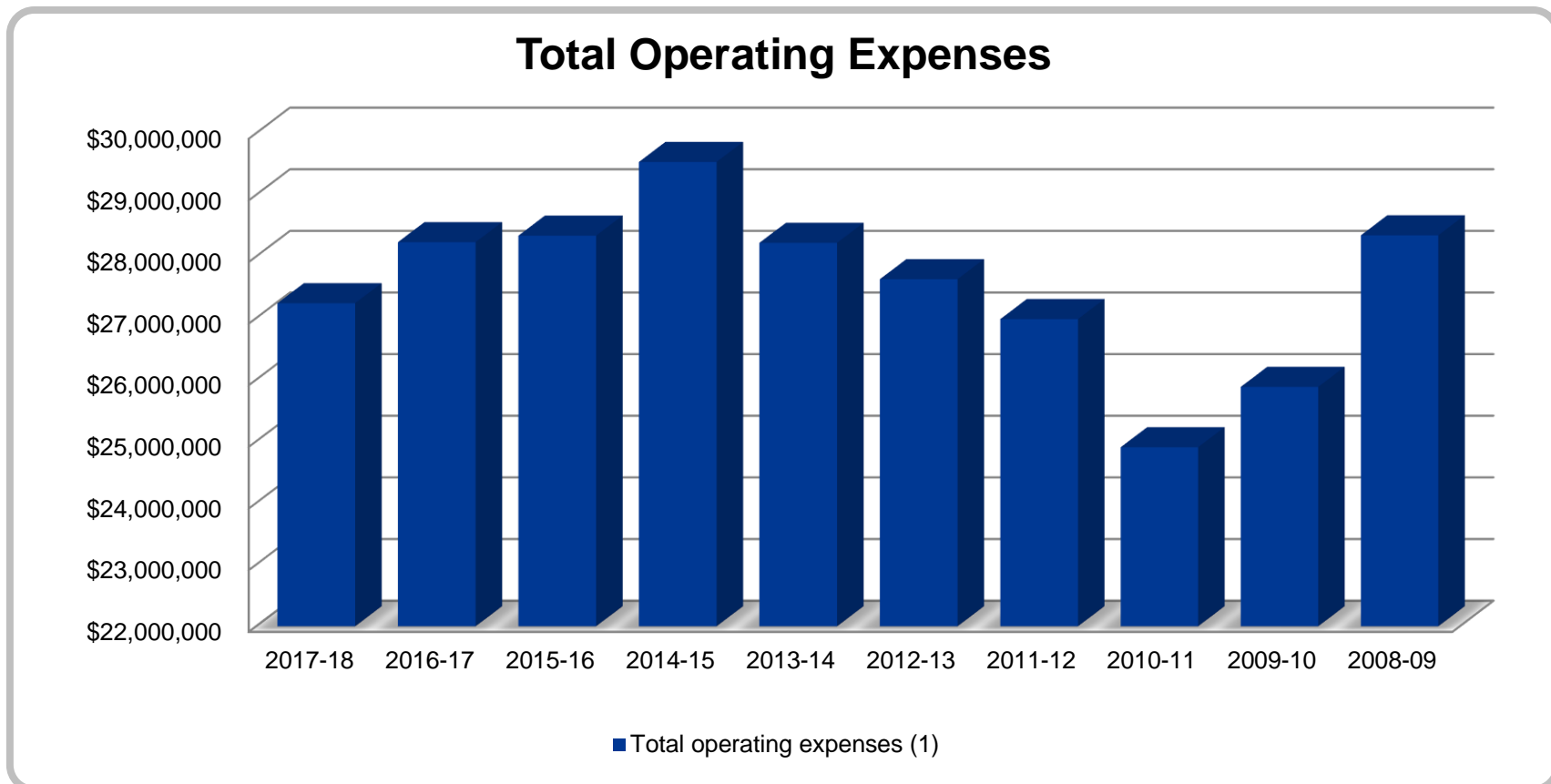
(3) In fiscal year 2011-12, Private grants were adjusted to reclassify the amounts from operating to nonoperating revenues. For comparability purposes, prior years have been reclassified.

(4) 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**

	2017-18	2016-17	2015-16	2014-15	2013-14
Instruction	\$ 9,555,791	\$ 9,592,910	\$ 10,304,514	\$ 10,927,034	\$ 9,761,727
Public service	32,012	35,657	29,904	29,159	35,889
Academic support	1,042,887	1,087,234	1,048,291	1,074,313	1,046,927
Student services	2,068,628	2,161,513	2,155,979	2,116,755	2,143,989
Institutional support	8,484,090	8,204,043	7,959,606	8,719,606	8,475,611
Operation and maintenance of plant	1,481,875	2,270,571	1,780,832	1,941,192	2,118,547
Scholarships	2,000,677	2,133,721	2,292,036	2,273,228	2,240,669
Auxiliary enterprises	375,564	371,401	592,749	399,147	559,067
Depreciation	2,200,669	2,375,273	2,172,776	2,053,133	1,838,484
Total operating expenses	27,242,192	28,232,323	28,336,687	29,533,567	28,220,910
Interest expense	-	1,574	3,037	3,470	5,138
Loss on disposal of capital assets	42,109	1,623	-	-	112,752
Other	-	-	-	-	-
Total nonoperating expenses	42,109	3,197	3,037	3,470	117,890
Total expenses	\$ 27,284,301	\$ 28,235,520	\$ 28,339,724	\$ 29,537,037	\$ 28,338,800

	2012-13	2011-12	2010-11 (1)	2009-10	2008-09
Instruction	\$ 9,660,102	\$ 8,827,606	\$ 8,450,971	\$ 9,067,801	\$ 10,565,902
Public service	29,387	25,647	13,128	14,178	14,126
Academic support	1,047,037	1,009,880	996,556	985,173	785,099
Student services	2,151,538	2,015,021	1,532,942	3,750,620	3,364,710
Institutional support	8,308,926	8,481,782	6,681,808	7,151,218	7,814,683
Operation and maintenance of plant	1,867,890	1,758,007	1,563,034	1,599,258	2,037,490
Scholarships	2,570,647	3,094,923	3,128,320	609,337	980,151
Auxiliary enterprises	451,470	404,767	1,217,755	1,270,886	1,547,548
Depreciation	1,544,414	1,366,808	1,320,494	1,435,550	1,234,076
Total operating expenses	27,631,411	26,984,441	24,905,008	25,884,021	28,343,785
Interest expense	-	6,854	3,428	-	67,163
Loss on disposal of capital assets	-	180,305	-	-	-
Other	-	-	-	-	-
Total nonoperating expenses	-	187,159	3,428	-	67,163
Total expenses	\$ 27,631,411	\$ 27,171,600	\$ 24,908,436	\$ 25,884,021	\$ 28,410,948



Source:

Audited financial statements.

Note:

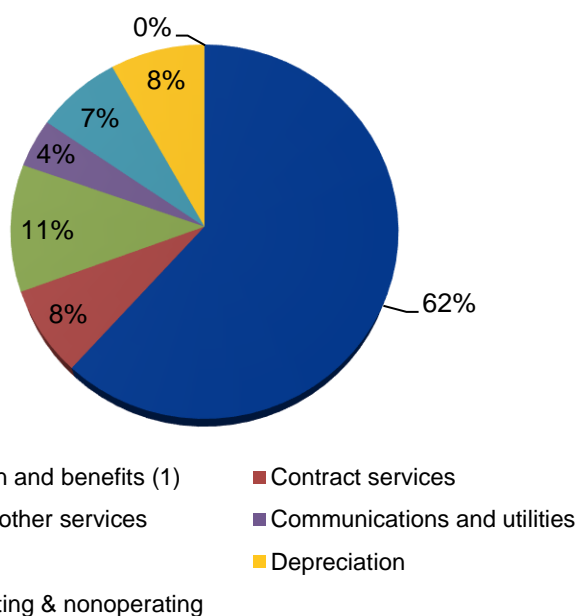
(1) Starting in fiscal year 2010-11, expenses for Scholarships and Student services were adjusted to reclassify payments made to students for student financial aid and scholarships. These payments were reported as Student services in prior years.

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

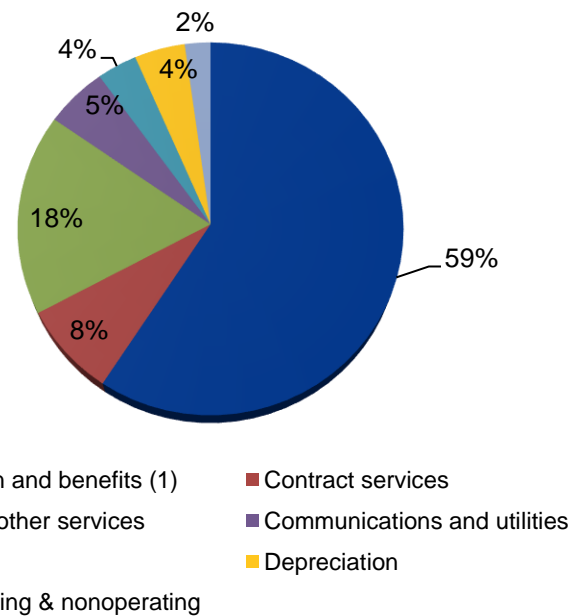
	2017-18	2016-17	2015-16	2014-15	2013-14
Compensation and benefits (1)	\$ 16,818,499	\$ 17,121,078	\$ 17,635,444	\$ 18,189,910	\$ 17,200,507
Contract services	2,089,793	1,862,246	2,346,731	2,109,597	2,243,436
Supplies and other services	2,995,683	3,627,164	2,703,472	3,775,418	3,550,497
Communications and utilities	1,142,965	1,098,569	1,178,132	1,146,620	1,086,284
Scholarships	1,998,572	2,133,721	2,292,036	2,273,228	2,240,669
Depreciation	2,200,669	2,375,273	2,172,776	2,053,133	1,838,484
Other	(3,990)	14,272	8,096	(14,339)	61,033
Total operating expenses	27,242,192	28,232,323	28,336,687	29,533,567	28,220,910
Non operating expenses	42,109	3,197	3,037	3,470	117,890
Total expenses	\$ 27,284,301	\$ 28,235,520	\$ 28,339,724	\$ 29,537,037	\$ 28,338,800

	2012-13	2011-12	2010-11 (2)	2009-10	2008-09
Compensation and benefits (1)	\$ 16,939,312	\$ 15,550,537	\$ 14,290,694	\$ 15,122,656	\$ 16,822,406
Contract services	2,138,098	2,680,066	1,621,476	1,729,224	2,268,681
Supplies and other services	3,223,900	3,086,612	3,289,474	5,399,355	4,960,590
Communications and utilities	1,191,308	1,183,082	1,232,953	1,399,939	1,520,225
Scholarships	2,570,647	3,094,923	3,128,320	609,337	980,151
Depreciation	1,544,414	1,366,808	1,320,494	1,435,550	1,234,076
Other	23,732	22,413	21,597	187,960	557,656
Total operating expenses	27,631,411	26,984,441	24,905,008	25,884,021	28,343,785
Non operating expenses	-	187,159	3,428	-	67,163
Total expenses	\$ 27,631,411	\$ 27,171,600	\$ 24,908,436	\$ 25,884,021	\$ 28,410,948

FY17-18 Expenses by Use



FY08-09 Expenses by Use



Source:

Audited financial statements except as adjusted in (3).

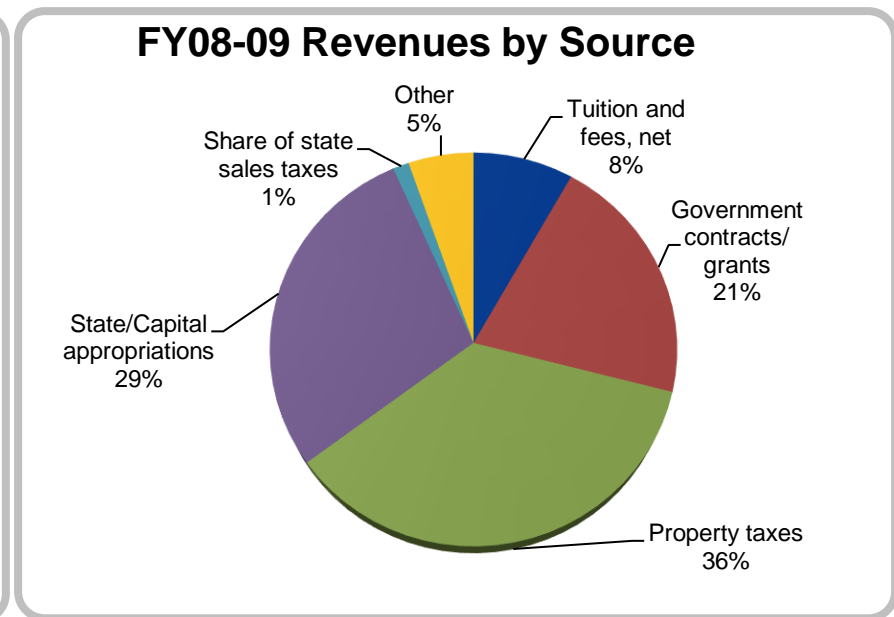
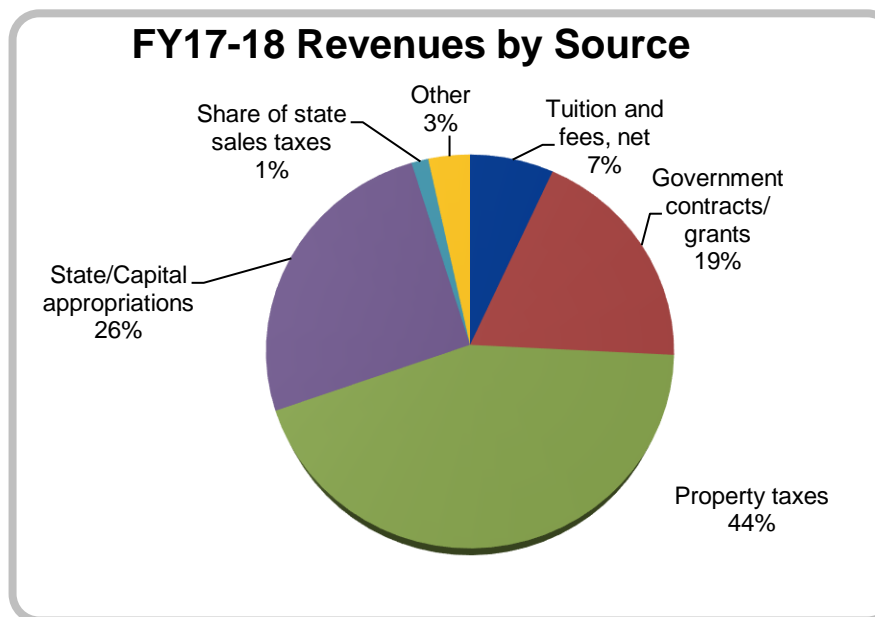
Notes:

- (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.

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

	2017-18	2016-17	2015-16	2014-15	2013-14
Tuition and fees, net	\$ 2,328,188	\$ 2,388,164	\$ 2,478,625	\$ 2,357,891	\$ 2,295,137
Government contracts	2,516,324	2,808,825	2,606,064	3,283,218	3,156,936
Bookstore income, net	8,549	12,231	61,854	48,491	66,720
Other	270,958	412,543	330,747	334,987	352,295
Total operating revenue	5,124,019	5,621,763	5,477,290	6,024,587	5,871,088
Property taxes	14,879,623	14,383,804	14,430,117	13,980,187	13,153,327
State appropriations	8,690,200	8,041,200	7,777,000	7,276,900	7,160,800
Government grants	3,921,699	3,800,723	5,126,742	4,728,837	4,740,596
Private grants (2)	326,482	381,230	436,779	297,567	304,219
Share of state sales taxes	471,721	474,310	427,216	423,082	435,192
Investment earnings	549,641	279,951	188,535	160,532	148,526
Gain on disposal of capital assets	-	-	8,484	41,100	-
Total nonoperating revenues	28,839,366	27,361,218	28,394,873	26,908,205	25,942,660
Capital appropriations	-	-	-	-	122,600
Total revenues	\$ 33,963,385	\$ 32,982,981	\$ 33,872,163	\$ 32,932,792	\$ 31,936,348

	2012-13	2011-12 (1)	2010-11	2009-10	2008-09
Tuition and fees, net	\$ 2,466,640	\$ 2,690,260	\$ 2,319,373	\$ 3,062,113	\$ 2,824,047
Government contracts	2,969,273	2,638,049	2,060,376	1,868,359	2,058,901
Bookstore income, net	42,460	33,564	28,892	701,123	803,661
Other	379,831	291,648	369,299	297,825	247,370
Total operating revenue	5,858,204	5,653,521	4,777,940	5,929,420	5,933,979
Property taxes	13,180,294	12,703,703	11,988,497	11,353,707	12,321,619
State appropriations	7,059,800	8,181,800	10,214,000	10,214,000	9,807,911
Government grants	5,018,111	5,502,290	4,955,825	4,956,184	5,083,645
Private grants (2)	325,919	360,370	345,534	450,763	529,310
Share of state sales taxes	545,682	372,308	386,743	422,737	453,912
Investment earnings	170,717	136,283	124,907	130,891	257,027
Gain on disposal of capital assets	18,627	-	3,563	-	-
Total nonoperating revenues	26,319,150	27,256,754	28,019,069	27,528,282	28,453,424
Capital appropriations	-	-	-	-	-
Total revenues	\$ 32,177,354	\$ 32,910,275	\$ 32,797,009	\$ 33,457,702	\$ 34,387,403



Source:

Audited financial statements except as reclassified in (2).

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 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	
2017-18	\$ 13,982,552	\$ 13,982,552	\$ -	(3)
2016-17	13,857,022	13,857,022	-	
2015-16	13,327,460	13,327,460	-	
2014-15	13,412,368	13,412,368	-	
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	
2008-09	15,829,197	15,950,154	(120,957)	(4)

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 2018 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)				
2017-18	\$219,892,518	\$587,340,948	\$ 13,874,290	\$ 821,107,756	1.8067	7,768,285,298	10.57% (3)
2016-17	222,928,447	565,872,581	14,261,438	803,062,466	1.7884	7,597,563,538	10.57%
2015-16	261,979,130	556,128,109	14,662,934	832,770,173	1.7423	7,591,341,595	10.97%
2014-15	274,277,258	553,959,727	16,781,251	845,018,236	1.6610	7,571,847,993	11.16%
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%

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 2007-08

(3) Assessed Value as Percentage of Actual Value for fiscal year 2017-18 is based on 2016-17 information, current year information not available.

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

Fiscal Year	Total Adjusted Tax Levy (1)	Current Tax Collections (2)	Percent of Current Tax Collections to Total Tax Levy	Collections in Subsequent Years (2)	Total Tax Collections (2)	Percent of Total Tax Collections to Total Tax Levy
2017-18	\$ 14,861,908	\$ 14,382,042	96.77%	\$ -	14,382,042	96.77%
2016-17	14,364,227	13,890,497	96.70%	\$ 427,415	14,317,912	99.68%
2015-16	14,475,580	13,969,344	96.50%	\$ 473,739	14,443,083	99.78%
2014-15	13,963,030	13,498,333	96.67%	\$ 420,600	13,918,933	99.68%
2013-14 (3)	13,267,899	12,815,737	96.59%	\$ 405,529	13,221,267	99.65%
2012-13	13,059,169	12,671,313	97.03%	\$ 368,646	13,039,959	99.85%
2011-12	12,647,564	12,187,235	96.36%	\$ 445,002	12,632,237	99.88%
2010-11	11,898,901	11,303,655	95.00%	\$ 582,468	11,886,124	99.89%
2009-10	11,331,739	10,769,251	95.04%	\$ 553,140	11,322,391	99.92%
2008-09	12,312,004	11,733,475	95.30%	\$ 573,953	12,307,429	99.96%

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
2017-18	1.8067		1.8067	0.8903	1.4231	1.4231	0.0500	3.5500	2.0234	8.0000
2016-17	1.7884		1.7884	0.8417	1.4021	1.4021	0.0500	3.5500	0.0813	7.3012
2015-16	1.7423		1.7423	0.8417	1.3646	1.3646	0.0500	3.5500	0.5261	7.3012
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

Source:

District records and Navajo County Treasurer.

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

	2017			2007 (1)		
	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	\$ 131,274,320	1	53.69%	\$ 96,593,064	1	55.58%
PacifiCorp Electric Operations	52,277,671	2	21.38%	32,473,751	2	18.68%
Peabody Western Coal Co	17,334,500	3	7.09%	15,712,500	3	9.04%
Transwestern Pipeline Co	10,415,034	4	4.26%	7,818,785	6	4.50%
Burlington Northern/Santa Fe Railway	7,257,125	5	2.97%	5,184,182	10	2.98%
Kinder Morgan	6,029,921	6	2.47%	n/a	n/a	n/a
Navopache Electric Co-Op Inc	5,686,242	7	2.33%	5,430,813	9	3.12%
Citizens Telecom of White Mountains	4,983,329	8	2.04%	10,589,603	4	6.09%
Unisource Energy Corporation	4,916,132	9	2.01%	n/a	n/a	n/a
Smith Bagley	4,341,405	10	1.78%	n/a	n/a	n/a
Navajo County Assessed Value	\$ 244,515,679			\$ 173,802,698		

Source:

Navajo County Finance Department, 2017 Comprehensive Annual Financial Report.
Navajo County Finance and Assessor Offices.

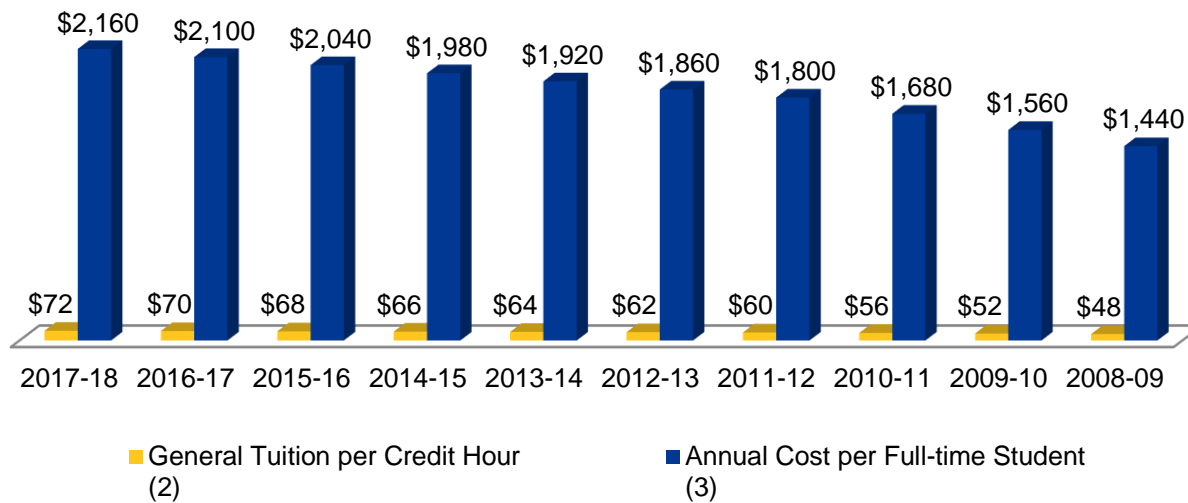
Note:

- (1) Data from 2005-2009 is not available; information is based on 2004 data. Information for principal property taxpayers was not available prior to fiscal year 2010.
- (2) 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
2017-18	\$ 72	\$ 2,160	\$ 2	3%
2016-17	70	2,100	2	3%
2015-16	68	2,040	2	3%
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	48	9%

Historic General Resident Tuition



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**

Fiscal Year	Capital Lease Obligations	Total Outstanding Debt	Per FTSE (1)	Per Capita
2017-18	-	-	-	-
2016-17	-	-	-	-
2015-16	20,676	20,676	10.66	0.19
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	0.69
2011-12	-	-	-	-
2010-11	83,123	83,123	37.46	0.77
2009-10	-	-	-	-
2008-09	-	-	-	-

Source:

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

Notes:

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

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

	2017-18	2016-17	2015-16	2014-15	2013-14
Secondary Assessed Value of Real and Personal Property	\$ 865,076,310	\$ 841,423,700	\$ 843,018,904	\$ 846,247,083	\$ 904,776,443
Debt Limit, 15% of Secondary Assessed Value	129,761,447	126,213,555	126,452,836	126,937,062	135,716,466
Amount of Debt Applicable to Debt Limit: General Obligation Bonded Debt	-	-	-	-	-
Total net debt applicable to the limit	-	-	-	-	-
Legal debt margin	<u>\$ 129,761,447</u>	<u>\$ 126,213,555</u>	<u>\$ 126,452,836</u>	<u>\$ 126,937,062</u>	<u>\$ 135,716,466</u>
Total net debt as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

	2012-13	2011-12	2010-11	2009-10	2008-09
Secondary Assessed Value of Real and Personal Property	\$ 978,263,926	\$ 1,040,412,117	\$ 1,116,355,302	\$ 1,100,568,483	\$ 998,760,072
Debt Limit, 15% of Secondary Assessed Value	146,739,589	156,061,818	167,453,295	165,085,272	149,814,011
Amount of Debt Applicable to Debt Limit: General Obligation Bonded Debt	-	-	-	-	-
Total net debt applicable to the limit	-	-	-	-	-
Legal debt margin	<u>\$ 146,739,589</u>	<u>\$ 156,061,818</u>	<u>\$ 167,453,295</u>	<u>\$ 165,085,272</u>	<u>\$ 149,814,011</u>
Total net debt as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

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		
2017-18	\$ -	\$ -	\$ -	\$ -	N/A
2016-17	-	-	-	-	N/A
2015-16	-	-	-	-	N/A
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

Fiscal Year	Revenues (2)	Certificates of Participation		Total Debt Service	Coverage Ratio
		Principal	Interest		
2017-18	\$ -	\$ -	\$ -	\$ -	N/A
2016-17	-	-	-	-	N/A
2015-16	-	-	-	-	N/A
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

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**

Calendar Year	County Population (1)	County Personal Income (In Thousands)	County Personal Income Per Capita	County Unemployment Rate
2017	111,266	Not available	Not available	7.6%
2016	110,413	3,235,693	29,408	9.4%
2015 (1)	108,277	3,154,284	29,132	9.6%
2014	109,185	2,965,679	27,162	11.2%
2013	108,694	2,869,655	26,401	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%

Sources:

Navajo County Finance Department, 2017 Comprehensive Annual Financial Report.

1 - US Bureau of Economic Analysis for 2015 and after (<https://bea.gov>)

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

Employment by Sector	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Mining and Construction	2,625	1,525	1,725	1,625	1,600	1,600	1,325	1,450	1,600	2,375
Educational & Health Svcs	4,400	4,125	3,900	3,575	3,575	3,550	3,200	3,550	3,500	3,300
Financial Activities	525	650	625	700	600	575	425	400	475	525
Government	8,850	8,925	9,775	9,325	9,675	9,850	9,500	9,650	10,100	10,400
Leisure & Hospitality	3,850	3,450	3,200	3,700	3,875	3,600	3,625	3,500	3,150	3,475
Manufacturing	275	250	175	150	125	475	525	525	550	800
Information	950	1,050	1,200	1,150	1,175	1,175	1,150	1,150	1,075	1,000
Professional & Business Svcs	1,300	1,325	1,150	1,425	1,175	1,000	1,025	1,000	1,025	1,275
Trade, Transportation & Utilities	5,500	5,475	4,875	4,700	5,175	5,150	5,025	5,250	5,375	5,650
Other Services	450	975	950	925	1,050	950	525	700	750	850

Sources:

Navajo County Finance Department, 2017 Comprehensive Annual Financial Report.

Note:

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

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

Sources:

Navajo County Finance Department, 2017 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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Holbrook	469	443	469	480	493	445	486	500	555	543
Show Low	983	1,020	1,024	960	955	1,173	1,409	1,439	1,700	1,536
Snowflake	334	411	367	407	390	499	525	554	705	708
Winslow	416	359	422	376	396	393	419	387	534	499
Kayenta	77	74	75	74	79	81	72	65	102	117
Hopi	101	77	97	113	130	130	135	152	195	152
Whiteriver	239	206	212	195	164	187	170	231	270	264
St Johns	183	176	199	191	188	180	167	191	178	224
Springerville/Eager	107	174	180	227	149	183	236	186	279	332
Sanders (3)	-	-	-	-	-	-	-	-	40	34
Heber (4)	-	-	-	-	-	-	-	-	71	60
Navajo County Misc.	40	33	58	1	11	36	35	37	41	21
Apache County Misc.	123	96	112	97	179	211	113	87	100	122
Department of Corrections	33	32	92	65	47	127	118	101	32	153
Other	377	461	559	515	536	709	748	743	774	745
Total District (1)	3,021	3,044	3,354	3,211	3,234	3,718	3,917	3,951	4,639	4,732

Location	Fall Historic FTSE (2)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Holbrook	201	202	213	200	190	179	182	200	186	195
Show Low	490	470	493	473	470	526	638	667	753	693
Snowflake	161	164	131	169	143	223	184	208	253	272
Winslow	174	160	186	158	172	184	176	175	219	197
Kayenta	26	24	21	23	24	26	27	29	40	52
Hopi	34	26	34	39	47	43	49	40	66	56
Whiteriver	93	92	98	86	64	75	81	105	111	115
St Johns	95	80	99	89	89	85	72	79	53	85
Springerville/Eager	26	46	55	71	43	72	84	72	99	105
Sanders (3)	-	-	-	-	-	-	-	-	11	9
Heber (4)	-	-	-	-	-	-	-	-	15	13
Navajo County Misc	9	7	16	0	2	5	7	9	12	5
Apache County Misc	35	22	24	22	42	48	27	20	23	29
Department of Corrections	19	24	95	60	14	61	53	43	11	148
Other	104	122	136	139	146	216	227	205	212	206
Total District	1,468	1,440	1,601	1,529	1,446	1,743	1,807	1,852	2,064	2,180

Degrees & Certificates	Degrees and Certificates Awarded									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Associate of Arts	39	33	30	28	39	26	21	31	32	38
Associate of Arts in Early Childhd	1	1	-	-	-	-	-	-	-	-
Associate of Arts in Elementary Ed	10	7	11	4	6	6	7	2	1	1
Associate of Business	3	3	8	9	8	9	7	4	9	3
Associate of Science	13	17	15	11	5	3	10	3	7	5
Associate of General Studies	11	22	16	20	33	17	15	16	26	24
Associate of Applied Science	123	125	121	125	91	93	116	87	114	96
Certificate of Proficiency	472	734	545	399	341	215	236	271	390	93
Certificate of Applied Science	102	97	82	68	63	41	9	12	26	24

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
2017	20%	80%	86%	14%	0%	1,809	1,212
2016	21%	79%	87%	13%	0%	1,778	1,266
2015	24%	76%	89%	11%	0%	1,952	1,402
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

Fall Semester	Ethnic Background						
	White (Caucasian)	American Indian	Black	Hispanic	Asian	Pacific Islander	Other/Unknown
2017	45%	37%	1%	5%	1%	0%	11%
2016	49%	34%	1%	3%	1%	0%	12%
2015	46%	36%	1%	1%	1%	0%	14%
2014	47%	35%	1%	11%	1%	0%	5%
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%

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**

Fall Semester	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
19 & Under	1,534	1,618	1,651	1,461	1,437	1,697	1,748	1,726	1,770	1,845
20 - 24	447	462	505	525	508	575	657	641	655	651
25 - 29	322	313	332	316	304	365	381	402	488	474
30 - 39	356	330	425	444	447	516	558	557	609	607
40 - 49	206	164	228	263	275	314	313	316	483	543
50 - 59	104	97	158	151	200	182	174	231	348	365
60 & Over	52	60	55	51	63	69	86	78	286	247
Unknown	-	-	-	-	-	-	-	-	-	-
Total (1)	3,021	3,044	3,354	3,211	3,234	3,718	3,917	3,951	4,639	4,732

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	2017-18	2016-17	2015-16	2014-15	2013-14 (3)	2012-13	2011-12	2010-11	2009-10	2008-09
Faculty										
Full-time	74	75	78	75	77	76	77	70	70	73
Part-time FTE	<u>86</u>	<u>70</u>	<u>83</u>	<u>83</u>	<u>82</u>	<u>85</u>	<u>64</u>	<u>66</u>	<u>94</u>	<u>77</u>
Subtotal of Faculty	160	145	161	158	159	161	141	136	164	150
Administrative & Support Staff										
Full-time	124	130	129	135	137	133	134	125	125	113
Part-time FTE	<u>184</u>	<u>168</u>	<u>131</u>	<u>138</u>	<u>136</u>	<u>151</u>	<u>156</u>	<u>164</u>	<u>181</u>	<u>235</u>
Subtotal of Staff	308	298	260	273	273	284	290	289	306	348
Total Employees	<u>468</u>	<u>443</u>	<u>421</u>	<u>431</u>	<u>432</u>	<u>445</u>	<u>431</u>	<u>425</u>	<u>470</u>	<u>498</u>
Students per Faculty (1)	11.08	12.60	12.06	11.72	11.48	12.19	14.68	16.32	14.61	17.88
Students per Staff (1)	5.75	6.13	7.46	6.78	6.68	6.91	7.14	7.68	7.83	7.71
Average class size (2)	15	14	14	13	11	12	13	11	12	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).
- (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									
	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Old Holbrook Campus										
Total Square Footage	-	-	-	-	-	-	-	12,360	12,360	12,360
Total Acreage	0.00	0.00	0.00	0.00	0.00	0.00	0.00	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
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	101,287	101,287	101,287	56,220	56,220	56,220	56,220	56,220
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	84,646	84,646
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	50,540
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	3,000	3,000	3,000	3,532	3,532	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	12,992	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	25,670	25,670	25,670	-	-	-	-
578 N. Main	-	-	-	-	-	-	4,000	4,000	4,000	4,000
District Owned Modulars	-	-	-	-	-	-	2,880	2,880	2,880	2,880
Heber Center (3)										
Total Square Footage	-	-	-	-	-	-	-	-	3,870	3,870
Total District										
Total Square Footage	361,515	360,577	360,577	360,577	360,577	316,042	297,252	307,780	323,650	323,650
Total Acreage	105.16	105.16	105.16	105.16	105.16	105.16	105.16	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

In September 1974, a previously abandoned hospital, elementary 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.

Innovation and technology allowed NPC to expand educational opportunities through

the years. NPC pioneered the use of microwave technology to provide interactive video instruction, allowing an instructor at one center to teach students at multiple locations.

Today, NPC's wireless wide area network (WWAN) connects 11 different locations, scattered over an area almost equal in size to the state of West Virginia! A grant from the *U.S. Department of Education* in 2016 allowed NPC to upgrade its video system to high definition and increase interactivity between students and faculty. This system allows NPC to bring higher education courses to high

school students in the remote, rural areas of Northeastern Arizona. Without this opportunity, a college education would be beyond the geographical and financial reach of many of these students.

This year 14 schools are participating in "Project TALON": (Technology to Advance Learning Outcomes at Northland)" and nearly 200 high school students have taken advantage of this distance education opportunity. Technology is a vital instructional tool and NPC has opened doors to higher education throughout northeastern Arizona.



Northland Pioneer College

EXPANDING MINDS • TRANSFORMING LIVESSM

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