

Comprehensive Annual Financial Report

Year Ended June 30, 2014



Northland Pioneer College
EXPANDING MINDS • TRANSFORMING LIVESSM



Northland Pioneer College

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Navajo County Community College District

Holbrook, AZ

Comprehensive Annual Financial Report
Year Ended June 30, 2014

Prepared by the NPC District Financial Services Office

Navajo County Community College District
(Northland Pioneer College)
Comprehensive Annual Financial Report
Year Ended June 30, 2014

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Introductory Section



Northland Pioneer College
EXPANDING MINDS • TRANSFORMING LIVESSM



NORTHLAND PIONEER COLLEGE

Office of the President

November 14, 2014

Yá'át'ééh:

I use the greeting of our Native American neighbors to reflect the diversity of cultures served by the Navajo County Community College District. You probably know us better as Northland Pioneer College, or just NPC, and we have been transforming lives in Northeastern Arizona for the past 40 years by providing a quality education, focused on community needs, utilizing a decentralized approach to providing services.

NPC was, and continues to be, a pioneer in using technology to deliver higher education opportunities to all Navajo County residents, whether in the long shadows of Monument Valley at Kayenta, the ancient villages on the Hopi mesas, the railroad and ranching communities of Winslow and Holbrook, the rich farm lands of Snowflake/Taylor, the tall pines of Show Low, or the deep canyons around Whiteriver. By networking these seven educational facilities, plus two more in St. Johns and Springerville totally funded by the citizens of Apache County, NPC provides the general education classes needed for a college degree. Vocational training opportunities are concentrated in the county's larger communities, with housing scholarships offered to those students needing to temporarily re-locate to access this training.

Operating, maintaining and staffing seven scattered facilities, plus our technology infrastructure, does present some financial challenges, especially when you consider only 18 percent of Navajo County's 9,949 square miles are owned by corporations or private individuals subject to primary property taxes. Support from the state of Arizona, in the form of equalization aid, helps reduce the impact but not completely compensate for a nearly 65 percent reduction in state operating assistance.

Through conservative spending, and sound fiscal policies established by our District Governing Board, NPC has reserved funds for future building and other major expenses. This "save, then build" approach allowed the college to recently construct the \$5 million Skills Center on the Holbrook campus without seeking and paying interest on loans. A survey of community needs indicates a similar facility is needed on the Show Low campus, as well as consolidation of allied health programs out of nearly 40-year-old modular buildings.

How NPC utilizes, reports and internally manages public funds is the focus of this first Comprehensive Annual Financial Report (CAFR), a transparent assurance of proper management of public funds to concerned taxpayers and other interested parties. This report reflects our efforts to improve financial reporting in every area, while continuing our mission to expand minds and transform lives of Navajo County residents through higher education.

Sincerely,

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

November 14, 2014

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, 2014.

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, 2014 and issued an unmodified opinion, indicating they believe the financial statements were fairly presented. See Independent Auditor's Report at page 11.

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.

This CAFR is presented in three sections: Introductory, Financial and Statistical. The introductory section includes the President's welcome, this transmittal letter, the District's principal officers, organization chart, and mission, vision, and values statements. The financial section includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), the basic financial statements and the notes to the financial statements. The MD&A 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. Finally, the statistical section includes selected unaudited financial and demographic information, generally presented on a multi-year basis.

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 Nos. 14, 39 and 61, the financial reporting entity consists of a primary government and two component units, NPC Friends and Family (formerly NPC Foundation) and Northeast Arizona Training Center (NATC). The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. The financial activity of NPC Friends and Family and

NATC are discretely presented as component units of the District. The District is not included in any other governmental financial reporting entity.

INSTITUTIONAL PROFILE

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

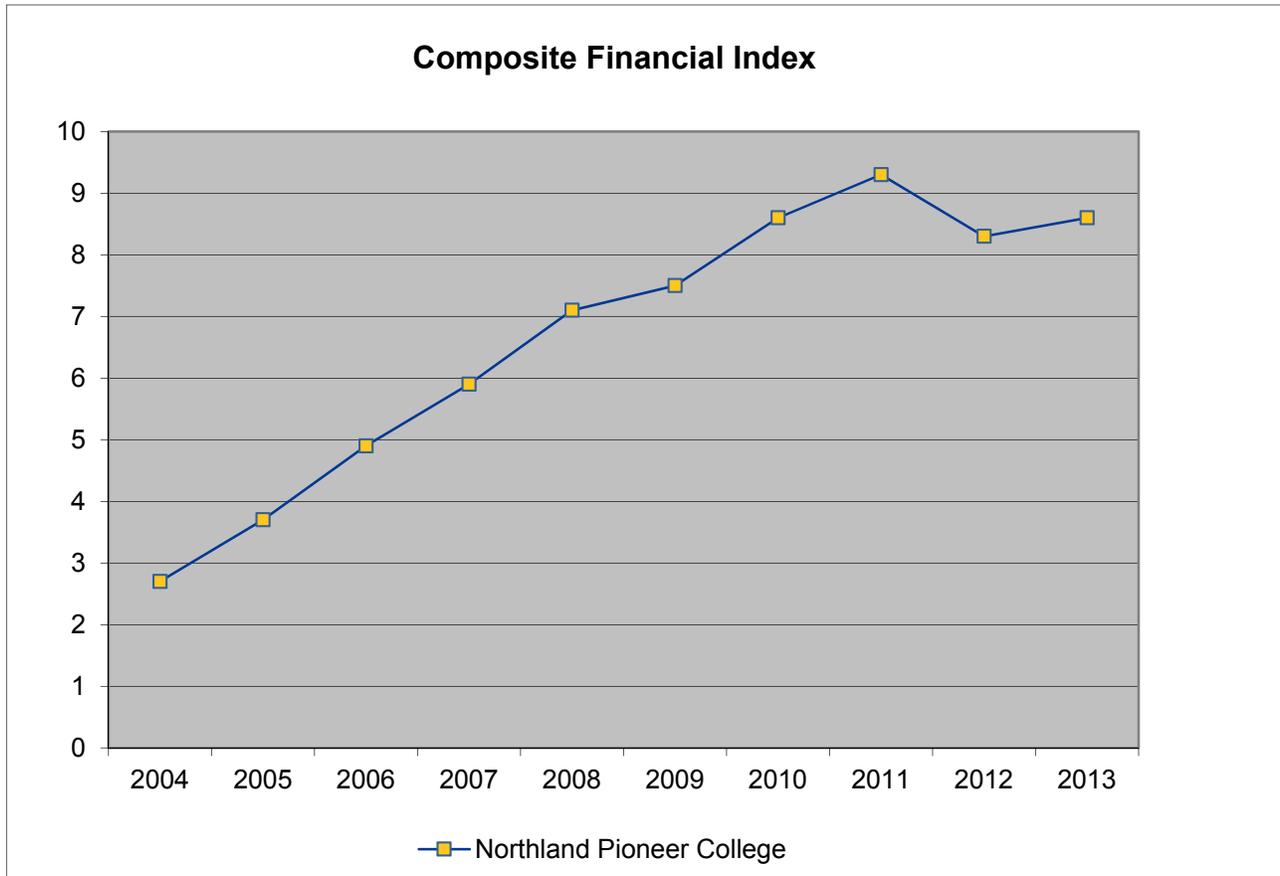
As a political subdivision of the State of Arizona, the District is subject to the oversight of its Governing Board which is comprised of five elected members representing each of the five districts of Navajo County. These members are elected for six-year terms on a staggered basis. The District's Governing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

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

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

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

Accreditation Financial Ratios – On an annual basis the HLC requires member institutions to provide financial information. The information is used to calculate a Composite Financial Index (CFI) made up of four financial ratios, each one weighted differently. The CFI evaluates an institution's financial health; a CFI of 1.1 or higher indicates adequate financial health and requires no HLC review. The District's composite ratio for the years 2004 to 2013 has been greater than 2.0 and for the most recent six years have been greater than 7.0.



ECONOMIC OUTLOOK

Arizona continues to trail the nation in recovering from the 2007-2009 recession even after five years. According to the Bureau of Labor Statistics, Arizona's unemployment rate for August 2014 was 7.1% while the nation's was 6.1%. In Navajo County, the unemployment rate is still in the double digits, at 15% or greater since 2009. According to recent labor statistics, Arizona is second from the bottom in recovering from jobs lost in the recession. The jobs lost were primarily in the construction industry, but state economists expect those jobs to return when the state's population increases. The population in Navajo County has declined since 2009. The county's loss of jobs, decrease in population, and funding available for education are contributing factors in the decline in enrollment for the District. Student enrollment has declined 32% since 2009. When comparing Fall 2013 to Fall 2012 the enrollment has declined 17%, however, the national average for the decline in enrollment for the same period for 2-year public institutions was 3%, according to the National Student Clearinghouse Research Center. Although these statistics for Navajo County and the District seem bleak, the District is continuing to focus on how to provide quality education programs while keeping costs low and finding creative solutions to help our students achieve their goals. The major initiatives summarized below are a few ways in which the District is helping to reduce the economic burden of our citizens.

MAJOR INITIATIVES

Scholarships and Tuition Waivers – In an effort to help provide economic relief 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, the District is offering four distinct tuition plans starting in Fall 2014. The Finish Line scholarship waives tuition costs for up to 12 credits to assist students in completing their associate degree. The College

Bound scholarship allows qualified high school students to take up to seven general education credits per semester tuition free. A tuition discount of 50 percent will be given to all Adult Basic Education classes through The Learning Cornerstone and a tuition discount of 50 percent will be given on all summer courses.

Capital Reserve Fund – The District has always followed conservative fiscal practices, especially planning for the future and setting aside resources for those future needs. In March 2014, the District Governing Board recognized the benefits of saving financial resources for future needs and approved a new Future Capital Reserve Fund policy; on an annual basis it will identify a specific dollar amount to be designated for future capital projects. The District follows a savings approach instead of financing large projects. A recent example was the construction of the new Skills Center located in Holbrook; funds for the \$5 million facility were set aside over several years to allow this building to become a reality. If the District had financed the project, the cost to taxpayers could have increased by over \$2 million. On February 18, 2014, the District dedicated the new 26,600 square-foot facility that houses instructional areas for construction, welding, mechatronics (automated manufacturing) and industrial maintenance and operations.

Student Success Initiative – The District is developing a comprehensive college-wide initiative of redesigning the advisement program to increase student persistence and completion. The student advisement cycle from first contact to completion will be evaluated. The restructuring will focus on processes performed by full-time advisors, faculty and career advisors. It will include an early alert process to identify and help at-risk students get back on track, expand the existing orientation program, and implement more one-stop services for incoming students who need registration, financial aid, and payment information. The District expects a multi-year design, implementation, and programming investment to fully develop these integrated support mechanisms for students.

FINANCIAL INFORMATION

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

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

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

Budgetary Controls – The District engages in an annual financial planning cycle that begins with the Strategic Plan. The Strategic Plan is a moving three year plan that is updated annually and involves all levels of the organization – it identifies the strategic direction of the District and establishes operating goals in support of its mission and vision. The District maintains budgetary controls in the form of detailed balanced budgets and budget transfer restrictions by fund,

department and account. On a monthly basis the District presents various financial reports to the District Governing Board including a report of revenues, expenditures and budgets by fund, a report on property tax receipts, cash flow position, and a narrative discussing budget deviations by fund. The objective of these budgetary controls is to ensure compliance with the annual budget and to fulfill the requirements of the District Governing Board's monitoring reports.

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

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

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

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

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

INDEPENDENT AUDIT

The District is audited by Office of the Auditor General for the State of Arizona. The audit determines if the financial statements are free of material misstatements and ensures compliance with the Arizona Revised Statutes that require an annual audit of the District's financial statements. The Independent Auditor's Report is included in the financial section of this CAFR. The District received an unmodified opinion for the fiscal year ended June 30, 2014.

The District's component units, NPC Friends and Family and NATC, are audited by local CPA firms. Both component units received unmodified opinions for the fiscal year ended June 30, 2014.

GFOA CERTIFICATE OF ACHIEVEMENT

The fiscal year ended June 30, 2014 marks the end of forty year anniversary of the District. It is also the first year it has compiled a comprehensive annual financial report for submission to the Government

Finance Officers Association (GFOA) in an effort to be awarded a Certificate of Achievement for financial reporting. 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 also be in compliance with generally accepted accounting principles and applicable legal requirements. The District will submit this comprehensive annual financial report to the GFOA to determine its eligibility for the achievement award.

ACKNOWLEDGEMENTS

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

Respectfully submitted,

V. Blaine Hatch
Vice President for Administrative Services

Maderia J. Ellison
Director of Financial Services

PRINCIPAL OFFICERS

As of June 30, 2014

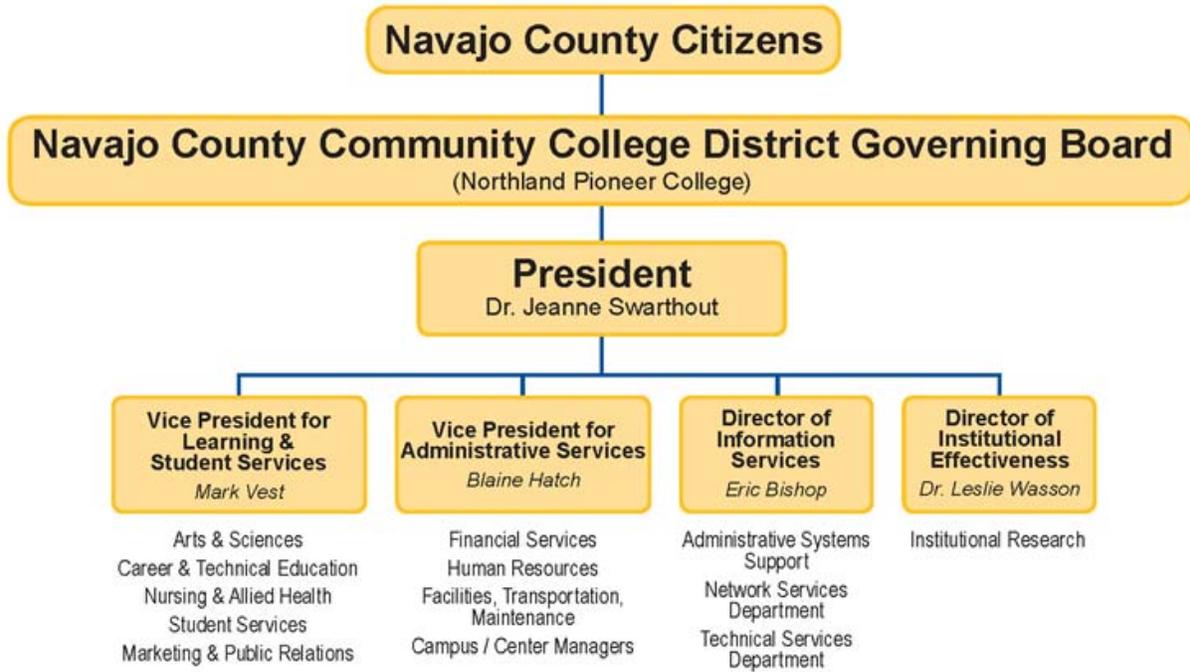
DISTRICT GOVERNING BOARD

Mr. Daniel Peaches, District 1
Mr. Prescott Winslow, District 2
Mr. Frank Lucero, District 3
Mr. James Matteson, District 4
Ms. Ginny Handorf, District 5

EXECUTIVE TEAM

Dr. Jeanne Swarthout, President
Mr. V. Blaine Hatch, Vice President for Administrative Services
Mr. Mark Vest, Vice President for Learning & Student Services
Mr. Eric Bishop, Director of Information Services
Dr. Leslie Wasson, Director of Institutional Effectiveness

ORGANIZATION CHART



OUR MISSION

Northland Pioneer College creates, supports and promotes lifelong learning.

OUR VISIONS

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

OUR VALUES

- **We Value Learning**

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

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

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

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

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

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

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

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

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

NPC can best serve its communities through cooperation and partnerships.

Financial Section



Northland Pioneer College
EXPANDING MINDS • TRANSFORMING LIVESSM



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Governing Board of
Navajo County Community College District

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component units of the Navajo County Community College District as of and for the year ended June 30, 2014, 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 reports of the other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the aggregate discretely presented component units were not audited by the other auditors in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and aggregate discretely presented component units of the Navajo County Community College District as of June 30, 2014, 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 13 through 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Debbie Davenport
Auditor General

November 14, 2014

Navajo County Community College District
(Northland Pioneer College)
Management's Discussion and Analysis
Year Ended June 30, 2014

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the year ended June 30, 2014. 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, 2014. It shows the various assets owned or controlled, related liabilities and other obligations, and the various categories of net position. Net position is an accounting concept defined as total assets less total liabilities, 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, 2014. 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, 2014. 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, 2014

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, 2014 and June 30, 2013:

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

	<u>2014</u>	<u>2013</u>	<u>% Change</u>
Assets:			
Current assets	\$42,574,324	\$39,408,725	8%
Noncurrent assets, other than capital assets	674,244	799,138	-16%
Capital assets, net	<u>39,289,567</u>	<u>38,701,227</u>	2%
Total assets	<u>82,538,135</u>	<u>78,909,090</u>	5%
Liabilities:			
Other liabilities	1,776,551	1,757,716	1%
Long-term liabilities	<u>462,826</u>	<u>450,164</u>	3%
Total liabilities	<u>2,239,377</u>	<u>2,207,880</u>	1%
Net Position:			
Net investment in capital assets	39,231,822	38,626,891	2%
Restricted	612,712	691,628	-11%
Unrestricted	<u>40,454,224</u>	<u>37,382,691</u>	8%
Total net position	<u>\$80,298,758</u>	<u>\$76,701,210</u>	5%

Total assets increased \$3.6 million, or 5 percent, driven by current assets which increased \$3.2 million. Cash and investments held with the County Treasurer and the Arizona State Treasurer increased due to cost containment of \$2.0 million in the General Fund and \$1.5 million of unspent contingency funds established in the budget to address unforeseen risks. The available funds will be used to help with future capital projects included in the Master Facilities Plan.

Total net position increased by \$3.6 million, or 5 percent, related to an increase of \$3.0 million in unrestricted net position and of \$0.6 million in net investment in capital assets. The District has committed to using unrestricted net position to support capital needs over the next several years, dedicating \$25.0 million for fiscal years 2014, 2015, and 2016. While the District plans to use portions of its unrestricted net position to continue to provide consistent quality of services to students and communities, regular evaluation of financial resources is needed as the local and state economy continues to recover from the recession.

Navajo County Community College District
(Northland Pioneer College)
Management's Discussion and Analysis
Year Ended June 30, 2014

The condensed financial information below 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.

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.

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.

Navajo County Community College District
(Northland Pioneer College)
Management's Discussion and Analysis
Year Ended June 30, 2014

**Condensed Statement of Revenues, Expenses, and
Changes in Net Position—Primary Government
Year Ended June 30**

	<u>2014</u>	<u>2013</u>	<u>% Change</u>
Revenues:			
Operating			
Tuition and fees, net	\$ 2,295,137	\$ 2,466,640	-7%
Government contracts	3,156,936	2,969,273	6%
Bookstore income, net	66,720	42,460	57%
Other	<u>352,295</u>	<u>379,831</u>	-7%
Total operating revenues	<u>5,871,088</u>	<u>5,858,204</u>	0%
Nonoperating			
Property taxes	13,153,327	13,180,294	0%
State appropriations	7,160,800	7,059,800	1%
Government grants	4,740,596	5,018,111	-6%
Private grants	304,219	325,919	-7%
Share of state sales taxes	435,192	545,682	-20%
Investment earnings	148,526	170,717	-13%
Gain (loss) on disposal of capital assets	<u>(112,752)</u>	<u>18,627</u>	-705%
Total nonoperating revenues	<u>25,829,908</u>	<u>26,319,150</u>	-2%
Other revenues			
Capital appropriations	<u>122,600</u>	<u>-</u>	-
Total revenues	<u>31,823,596</u>	<u>32,177,354</u>	-1%
Expenses:			
Operating	\$28,220,910	\$27,631,411	2%
Nonoperating	<u>5,138</u>	<u>-</u>	-
Total expenses	<u>28,226,048</u>	<u>27,631,411</u>	2%
Increase in net position	3,597,548	4,545,943	-21%
Total net position, July 1	<u>76,701,210</u>	<u>72,155,267</u>	6%
Total net position, June 30	<u>\$80,298,758</u>	<u>\$76,701,210</u>	5%

Navajo County Community College District
(Northland Pioneer College)
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Year Ended June 30, 2014

Total operating revenues remained relatively flat. Increases in government contracts were offset by a decline in tuition and fees revenue. Government contracts increased \$188,000, or 6 percent, as a result of a \$305,000 increase in State of Arizona reimbursement for Apache County students attending classes in Navajo County, while Northern Arizona Vocational Institute of Technology revenue decreased \$138,000 related to a decline in enrollment. Tuition and fees decreased by \$172,000, or 7 percent, related to declining enrollment and an increase in scholarship allowances which reduced net tuition and fees.

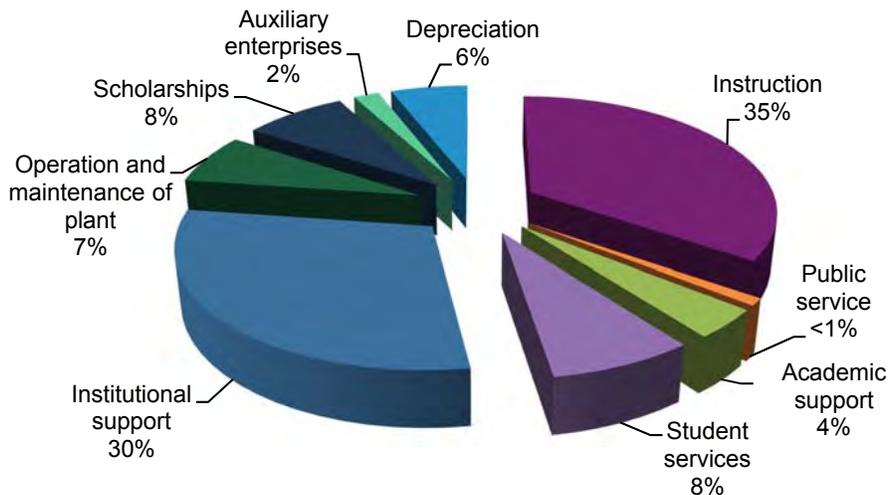
Nonoperating revenues decreased \$489,000, or 2 percent. Government grants decreased \$278,000, or 6 percent, driven primarily by a decrease in the Federal Pell Program related to declining student enrollment and constraints of new eligibility requirements for students. The \$110,000, or 20 percent, decrease in the share of state sales taxes results from a change in the timing of the recognition of this income in the prior fiscal year. That change resulted in reporting income for a 14-month period in the prior fiscal year compared with a 12-month period in the current year. State appropriations, which include operating state aid and equalization aid, increased \$101,000, or 1 percent, compared to the prior year. The increase is a result of increased equalization funding of \$144,000.

Other revenues increased \$123,000 due to a capital appropriation which was approved for fiscal year 2014. This is the first capital funding provided to the District since fiscal year 2008.

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	<u>2014</u>	<u>2013</u>	<u>% Change</u>
Operating Expenses			
Educational and general:			
Instruction	\$ 9,761,727	\$ 9,660,102	1%
Public service	35,889	29,387	22%
Academic support	1,046,927	1,047,037	0%
Student services	2,143,989	2,151,538	0%
Institutional support	8,475,611	8,308,926	2%
Operation and maintenance of plant	2,118,547	1,867,890	13%
Scholarships	2,240,669	2,570,647	-13%
Auxiliary enterprises	559,067	451,470	24%
Depreciation	<u>1,838,484</u>	<u>1,544,414</u>	19%
Total operating expenses	<u>28,220,910</u>	<u>27,631,411</u>	2%
Nonoperating Expenses			
Interest expense	<u>5,138</u>	-	-
Total nonoperating expense	<u>5,138</u>	-	-
Total expenses	<u>\$28,226,048</u>	<u>\$27,631,411</u>	2%

2014 Operating Expenses by Category



Operating expenses increased \$589,000, or 2 percent. The District continues to focus on maintaining comprehensive and quality services to the students and communities in its service area, as a result instruction expenses increased \$102,000, or 1 percent. The District also continues to focus on repairs and maintenance of the existing plant and equipment and as a result Operation and Maintenance of Plant increased \$251,000, or 13 percent. Scholarships decreased \$330,000, or 13 percent, driven primarily by a decrease in federal financial aid awards, specifically the Federal Pell Program, which was connected to declining student enrollment.

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Capital Assets and Debt Administration

Capital assets are defined as those items costing over \$5,000 and that have an estimated useful life of more than 1 year.

Beginning in fiscal year 2011, the District developed a rolling 3-year plan to manage capital needs. The District has set aside a portion of its unrestricted net position to address future needs. It has focused on maintenance of facilities that had been deferred for several years and has pursued capital acquisitions and new construction to meet the demands of its students and the communities it serves.

- In fiscal year 2013, the District started construction of the 26,600 square-foot Skills Center located on the Painted Desert Campus in Holbrook and spent \$3.6 million. An additional \$1.7 million was required to complete the building in fiscal year 2014. Construction was completed in December 2013 and classes in the building began in January 2014.
- In fiscal year 2014, the District began renewal projects to enhance and extend the useful life of the facilities. The projects included work at all four campuses, the Painted Desert Campus in Holbrook, the White Mountain Campus in Show Low, the Silver Creek Campus in Snowflake/Taylor, the Little Colorado Campus in Winslow, and one center, the Whiteriver Center in Whiteriver.

Over the next 3 years, the District plans to spend \$25.0 million on major capital acquisitions and new construction while continuing to address deferred maintenance. The construction of new facilities at the White Mountain Campus in Show Low is planned, but specific details have not been finalized.

Additional information on the District's capital assets can be found in Note 3 and additional information on the District's construction in progress can be found in Note 4 to the basic financial statements.

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

Current Factors Having Probable Future Financial Significance

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

The District historically set the property tax levy at the maximum rate allowed by statute. The District did not set the property tax levy at the maximum rate allowed for fiscal year 2014 due to concerns over the impact to taxpayers, but it did set the levy at the maximum for fiscal year 2015. Taxpayer opposition to property taxes is growing due to continuing challenges related to the weak local economy.

- During fiscal year 2013 the recycle paper mill in Snowflake was permanently closed resulting in the loss of approximately 1,300 jobs directly and indirectly related to the operations of the facility. The closure of the paper mill continues to have a negative impact on the property values and the related property taxes. The assessed value of the papermill property decreased by over 30%.

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- During fiscal year 2014 Transwestern Pipeline brought a lawsuit disputing the assessed valuation of its property in Arizona. The settlement of the dispute resulted in a property tax refund to the company. The District's share of the refund was \$120,000. Due to the success of this lawsuit other companies may dispute the assessed valuation of property in Arizona which, in turn, could require additional refunds from the District.

The District will continue to closely monitor the impacts these and other factors may have on future property tax revenues.

State appropriations used to support the District's operations increased by 1 percent for fiscal year 2014 from fiscal year 2013. The District received equalization aid of \$5.5 million in fiscal year 2014, which was an increase of 3 percent from the prior year. Capital appropriation funding was approved for fiscal year 2014 in the amount of \$123,000. This is the first capital funding provided to the District since fiscal year 2008. Total state funding has been on the decline for several years with no expectation of increase. Performance-based funding continues to be discussed at a variety of governance levels but no future plans have been finalized. The impact to the District is unknown, but the potential for an increase in state appropriations to the District is low.

Each year the District completes the Annual Budget Expenditure Limitation Report (ABELR) which compares budgeted expenditures of public funds to a constitutional limit. The expenditure limit is calculated using base amount expenditures from fiscal year 1980, annual inflation, and enrollment. Historically the District's expenditures have been below the calculated limit. Recently the calculated impact of inflation combined with the reductions in enrollment are not allowing the District to keep pace with the actual growth in expenses. As this trend continues the District's expenditures will likely exceed the constitutional expenditure limit. The District has accumulated unspent revenues which will be used to offset excess expenditures in the near-term. The long-term solution is to seek revisions to the expenditure limit legislation.

Recently adopted GASB regulations will require the District to adopt a new reporting method for its proportionate share of the underfunded Arizona State Retirement System (ASRS) beginning in fiscal year 2015. Under this new guidance the District will report a liability on its financial statements that is equivalent to its proportionate share of the net pension liability of all the employers who participate in the ASRS cost-sharing plan. This new reporting requirement is expected to have a significant effect on the District's financial statements, however, the District will not be able to determine its proportionate share until ASRS discloses the total underfunded amount.

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 continuously evaluates its tuition and fee structure. The District is limited in the amount of increases it can implement based on the demographics of its service area. The District's service area covers approximately 21,158 square miles and is comprised of one of the poorest, most remote, and least populated areas in both Arizona and the United States. In-state tuition increased 3 percent, up \$2 from \$62 to \$64 per credit hour in fiscal year 2014. For fiscal year 2015 tuition was increased an additional

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3 percent to \$66 and it is the intention of the District to limit tuition increases to \$2 per year for the upcoming two years. Establishing tuition rates in advance will aid our students in their financial planning for the completion of their course work at the District. The District continues to offer one of the lowest tuition rates in the State.

Requests for Information

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

Separately issued financial statements are issued for Northland Pioneer College Foundation and Northeast Arizona Training Center, Inc., discretely presented component units of Navajo County Community College District. Complete financial statements for both 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, 2014

	<u>Business-Type Activities</u>
Assets	
Current assets:	
Cash and investments	\$ 40,346,816
Receivables (net of allowances for uncollectibles):	
Accounts	803,897
Property taxes	452,161
Student	678,288
Inventories	64,935
Prepaid items	<u>228,227</u>
Total current assets	<u>42,574,324</u>
Noncurrent assets:	
Restricted assets:	
Cash and investments	612,712
Property taxes receivable (net of allowances of \$100,000)	4,014
Student receivable (net of allowances of \$1,189,833)	57,518
Capital assets, not being depreciated	835,061
Capital assets, being depreciated, net	<u>38,454,506</u>
Total noncurrent assets	<u>39,963,811</u>
Total assets	<u>82,538,135</u>
Liabilities	
Current liabilities:	
Accounts payable	687,821
Accrued payroll and employee benefits	273,767
Unearned revenues	814,963
Current portion of compensated absences payable	303,811
Current portion of capital lease payable	<u>17,854</u>
Total current liabilities	<u>2,098,216</u>
Noncurrent liabilities:	
Compensated absences payable	101,270
Capital lease payable	<u>39,891</u>
Total noncurrent liabilities	<u>141,161</u>
Total liabilities	<u>2,239,377</u>

(Continued)

See accompanying notes to financial statements.

Navajo County Community College District
(Northland Pioneer College)
Statement of Net Position—Primary Government
June 30, 2014
(Concluded)

	Business-Type Activities
Net Position	
Net investment in capital assets	\$ 39,231,822
Restricted:	
Nonexpendable—endowments	12,414
Expendable:	
Scholarships, grants, and contracts	238,429
Capital projects	361,869
Unrestricted	40,454,224
Total net position	\$ 80,298,758

See accompanying notes to financial statements.

Navajo County Community College District
(Northland Pioneer College)
Statement of Financial Position—Component Units
June 30, 2014

	<u>Northland Pioneer College Foundation</u>	<u>Northeast Arizona Training Center, Inc.</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 33,788	\$ 66,719	\$ 100,507
Restricted cash—savings	3,170		3,170
Investments:			
Marketable securities—restricted	127,497		127,497
Real estate	8,000		8,000
Prepaid expense	8,524	3,742	12,266
Property and equipment, net of accumulated depreciation	<u>32,981</u>	<u>1,860,461</u>	<u>1,893,442</u>
Total assets	<u>\$ 213,960</u>	<u>\$ 1,930,922</u>	<u>\$ 2,144,882</u>
Liabilities			
Accounts payable	\$ 671		\$ 671
Other current liabilities		\$ 500	500
Long-term obligations due within 1 year	<u> </u>	<u>25,000</u>	<u>25,000</u>
Total liabilities	<u>671</u>	<u>25,500</u>	<u>26,171</u>
Long-term debt	<u> </u>	<u>320,000</u>	<u>320,000</u>
Total liabilities	<u>671</u>	<u>345,500</u>	<u>346,171</u>
Net Assets			
Unrestricted	82,622	1,585,422	1,668,044
Temporarily restricted	64,542		64,542
Permanently restricted	<u>66,125</u>	<u> </u>	<u>66,125</u>
Total net assets	<u>213,289</u>	<u>1,585,422</u>	<u>1,798,711</u>
Total liabilities and net assets	<u>\$ 213,960</u>	<u>\$ 1,930,922</u>	<u>\$ 2,144,882</u>

See accompanying notes to financial statements.

Navajo County Community College District
(Northland Pioneer College)
Statement of Revenues, Expenses, and
Changes in Net Position—Primary Government
Year Ended June 30, 2014

	<u>Business-Type Activities</u>
Operating revenues:	
Tuition and fees, net of scholarship allowances of \$2,624,037	\$ 2,295,137
Government contracts	3,156,936
Bookstore income, net of scholarship allowances of \$23,188	66,720
Other sales and services	95,157
Other	257,138
Total operating revenues	<u>5,871,088</u>
Operating expenses:	
Educational and general:	
Instruction	9,761,727
Public service	35,889
Academic support	1,046,927
Student services	2,143,989
Institutional support	8,475,611
Operation and maintenance of plant	2,118,547
Scholarships	2,240,669
Auxiliary enterprises	559,067
Depreciation	1,838,484
Total operating expenses	<u>28,220,910</u>
Operating loss	<u>(22,349,822)</u>
Nonoperating revenues and expenses:	
Property taxes	13,153,327
State appropriations	7,160,800
Government grants	4,740,596
Private grants	304,219
Share of state sales taxes	435,192
Investment earnings	148,526
Interest expense on debt	(5,138)
Loss on disposal of capital assets	(112,752)
Total nonoperating revenues and expenses	<u>25,824,700</u>
Income before other revenues, expenses, gains, or losses	3,474,948
Capital appropriations	<u>122,600</u>
Increase in net position	3,597,548
Total net position, July 1, 2013	<u>76,701,210</u>
Total net position, June 30, 2014	<u>\$ 80,298,758</u>

See accompanying notes to financial statements.

Navajo County Community College District
(Northland Pioneer College)
Statement of Activities—Component Units
Year Ended June 30, 2014

	Northland Pioneer College Foundation	Northeast Arizona Training Center, Inc.	Total
Changes in Unrestricted Net Assets			
Unrestricted support	\$ 6,526	\$ 10,445	\$ 16,971
Memberships and usage fees		25,500	25,500
Interest income	15	37	52
Rental income	<u>32,955</u>	<u>26,000</u>	<u>58,955</u>
Total unrestricted support	<u>39,496</u>	<u>61,982</u>	<u>101,478</u>
Net assets released from restrictions	<u>9,509</u>	-	<u>9,509</u>
Total unrestricted revenues and support	<u>49,005</u>	<u>61,982</u>	<u>110,987</u>
Expenses:			
Program services	32,163	124,487	156,650
Support services	20,501	20,622	41,123
Interest expense		<u>17,225</u>	<u>17,225</u>
Total expenses	<u>52,664</u>	<u>162,334</u>	<u>214,998</u>
Decrease in unrestricted net assets	<u>(3,659)</u>	<u>(100,352)</u>	<u>(104,011)</u>
Changes in Temporarily Restricted Net Assets			
Contributions	3,459		3,459
Interest income	2,609		2,609
Realized gain on investments	15,702		15,702
Unrealized loss on investments	(2,003)		(2,003)
Net assets released from restrictions	(9,509)		(9,509)
Investment fees	<u>(826)</u>		<u>(826)</u>
Increase in temporarily restricted net assets	<u>9,432</u>		<u>9,432</u>
Changes in Permanently Restricted Net Assets			
Interest income	27		27
Realized gain on investments	163		163
Unrealized loss on investments	(20)		(20)
Investment fees	<u>(9)</u>		<u>(9)</u>
Decrease in permanently restricted net assets	<u>161</u>		<u>161</u>
Increase (decrease) in net assets	5,934	(100,352)	(94,418)
Net assets, beginning of year	<u>207,355</u>	<u>1,685,774</u>	<u>1,893,129</u>
Net assets, end of year	<u>\$ 213,289</u>	<u>\$ 1,585,422</u>	<u>\$ 1,798,711</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, 2014

	Business-Type Activities
Cash flows from operating activities:	
Tuition and fees	\$ 2,563,686
Government contracts	3,889,513
Bookstore receipts	66,720
Other receipts	352,295
Payments to suppliers and providers of goods and services	(6,816,749)
Payments for employee wages and benefits	(17,209,940)
Payments to students for scholarships and loans	<u>(2,240,669)</u>
Net cash used for operating activities	<u>(19,395,144)</u>
 Cash flows from noncapital financing activities:	
Property taxes	13,249,046
State appropriations	7,160,800
Government grants	5,091,448
Private grants	304,219
Share of state sales taxes	<u>396,536</u>
Net cash provided by noncapital financing activities	<u>26,202,049</u>
 Cash flows from capital and related financing activities:	
Capital appropriations	122,600
Proceeds from sale of capital assets	198
Purchase and construction of capital assets	(2,539,774)
Principal paid on capital lease	(16,591)
Interest paid on capital lease	<u>(5,138)</u>
Net cash used for capital and related financing activities	<u>(2,438,705)</u>
 Cash flows from investing activities:	
Interest received on investments	<u>148,526</u>
Net cash provided by investing activities	<u>148,526</u>
 Net increase in cash and cash equivalents	4,516,726
 Cash and cash equivalents, July 1, 2013	<u>36,442,802</u>
Cash and cash equivalents, June 30, 2014	<u>\$ 40,959,528</u>

(Continued)

See accompanying notes to financial statements.

Navajo County Community College District
(Northland Pioneer College)
Statement of Cash Flows—Primary Government
Year Ended June 30, 2014
(Concluded)

	Business-Type Activities
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (22,349,822)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	1,838,484
Changes in assets and liabilities:	
Increase in:	
Inventories	(17,225)
Unearned revenues	143,741
Compensated absences payable	29,253
Decrease in:	
Accounts receivable	732,577
Student receivable	124,808
Prepaid items	227,946
Accounts payable	(86,220)
Accrued payroll and employee benefits	(38,686)
Net cash used for operating activities	\$ (19,395,144)
Reconciliation of cash and cash equivalents, as presented on the Statement of Net Position:	
Cash and investments	\$ 40,346,816
Restricted assets:	
Cash and investments	612,712
Total cash and cash equivalents, June 30, 2014	\$ 40,959,528

See accompanying notes to financial statements.

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2014

Note 1 - Summary of Significant Accounting Policies

Navajo County Community College District's accounting policies conform to generally accepted accounting principles 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 is governed by a separately elected governing body. It is legally separate and fiscally independent of other state and local governments. The accompanying financial statements present the activities of the District (the primary government) and its discretely presented component units, the Northland Pioneer College Foundation (Foundation), and the Northeast Arizona Training Center, Inc. (NATC).

The Foundation 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 the Foundation, the Foundation's restricted resources can be used only by or for the benefit of the District or its constituents. Consequently, the Foundation is considered a component unit of the District and is discretely presented in the District's financial statements.

For financial reporting purposes, the Foundation follows the Financial Accounting Standards Board (FASB) statements 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 Foundation'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 the Foundation's statements of financial position and activities are included in the District's financial statements as required by generally accepted accounting principles for public colleges and universities. The Foundation has a June 30 year-end.

During the year ended June 30, 2014, the Foundation distributed \$12,359 to the District for both restricted and unrestricted purposes. Complete financial statements of the Foundation can be obtained from the Northland Pioneer College Foundation, 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. Therefore, the voting members of NATC's Board of Directors are employees of the District and the District is able to significantly influence the programs, activities or level of services provided by NATC. Consequently, NATC is considered a component unit of the District and is discretely presented in the District's financial statements.

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2014

For financial reporting purposes, NATC follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958. 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 generally accepted accounting principles 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.

Navajo County Community College District
 (Northland Pioneer College)
 Notes to Financial Statements
 June 30, 2014

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 either operating, noncapital financing, capital financing, or investing.

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

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

C. Cash and Investments

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

D. Inventories

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

E. Capital Assets

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

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

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

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2014

F. Investment Earnings

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

G. Compensated Absences

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

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

Employees may accumulate up to 1040 hours of sick leave. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but employees forfeit them upon terminating employment. Because sick leave benefits do not vest with employees a liability for sick leave benefits is not accrued in the financial statements.

H. Scholarship Allowances

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

Note 2 - 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. The statutes do 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. The statutes do not include any requirements for credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the District's investments.

Deposits—At June 30, 2014, the carrying amount of the District's deposits was \$1,335,715, and the bank balance was \$2,021,908. The District does not have a policy for custodial credit risk.

Navajo County Community College District
(Northland Pioneer College)
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June 30, 2014

Investments—The District’s investments at June 30, 2014, were as follows:

Investment Type	Amount
State Treasurer’s investment pool 5	\$18,214,185
County Treasurer’s investment pool	<u>21,404,118</u>
Total	<u><u>\$39,618,303</u></u>

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

Credit risk—The District does not have a formal policy for credit risk. At June 30, 2014, credit risk for the District’s investments was as follow:

Investment Type	Rating	Rating Agency	Amount
State Treasurer’s investment pool 5	AAAf/S1+	Standard and Poor’s	\$18,214,185
County Treasurer’s investment pool	Unrated	Not applicable	<u>21,404,118</u>
Total			<u><u>\$39,618,303</u></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, 2014, the District had the following investments in debt securities:

Investment Type	Amount	Weighted Average Maturity
State Treasurer’s investment pool 5	\$18,214,185	1.4 months
County Treasurer’s investment pool	<u>21,404,118</u>	39.6 months
Total	<u><u>\$39,618,303</u></u>	

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

Cash, deposits, and investments:		Statement of Net Position:	
Cash on hand	\$ 5,510	Cash and investments	\$40,346,816
Amount of deposits	1,335,715	Restricted assets:	
Amount of investments	<u>39,618,303</u>	Cash and investments	<u>612,712</u>
Total	<u><u>\$40,959,528</u></u>	Total	<u><u>\$40,959,528</u></u>

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2014

Note 3 - Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Increases	Adjustments	Decreases	Balance June 30, 2014
Capital assets not being depreciated:					
Land	\$ 709,291				\$ 709,291
Construction in progress	<u>3,672,615</u>	<u>\$1,832,137</u>		<u>\$5,378,982</u>	<u>125,770</u>
Total capital assets not being depreciated	<u>4,381,906</u>	<u>1,832,137</u>		<u>5,378,982</u>	<u>835,061</u>
Capital assets being depreciated:					
Buildings	34,023,853	5,362,511	\$ 7,900		\$39,394,264
Equipment	6,140,279	648,351	(7,900)	63,148	6,717,582
Improvements other than buildings	9,565,352	16,471			9,581,823
Library books	<u>599,889</u>	<u>59,286</u>		<u>50,667</u>	<u>608,508</u>
Total capital assets being depreciated	<u>50,329,373</u>	<u>6,086,619</u>	<u>-</u>	<u>113,815</u>	<u>56,302,177</u>
Less accumulated depreciation for:					
Buildings	\$ 9,910,815	\$ 864,750			\$10,775,565
Equipment	3,308,969	618,243	\$ 87,353	\$ 37,551	3,977,014
Improvements other than buildings	2,451,610	306,168			2,757,778
Library books	<u>338,658</u>	<u>49,323</u>		<u>50,667</u>	<u>337,314</u>
Total accumulated depreciation	<u>16,010,052</u>	<u>1,838,484</u>	<u>87,353</u>	<u>88,218</u>	<u>17,847,671</u>
Total capital assets being depreciated, net	<u>34,319,321</u>	<u>4,248,135</u>	<u>(87,353)</u>	<u>25,597</u>	<u>38,454,506</u>
Capital assets, net	<u>\$38,701,227</u>	<u>\$6,080,272</u>	<u>\$(87,353)</u>	<u>\$5,404,579</u>	<u>\$39,289,567</u>

Note 4 - Construction Commitments

The District had major contractual commitments related to various capital projects at June 30, 2014, for remodeling projects on the Painted Desert Campus located in Holbrook, the Silver Creek Campus located in Snowflake/Taylor, the White Mountain Campus located in Show Low, the Little Colorado Campus located in Winslow, and the Whiteriver Center located in Whiteriver. At June 30, 2014, the District had spent \$126,000 on these projects and had remaining contractual commitments with contractors of \$1,162,000. These projects are being financed by unrestricted net position designated by the District Governing Board for these purposes.

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2014

Note 5 - Long-Term Liabilities

The following schedule details the District's long-term liability and obligation activity for the year ended June 30, 2014:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due within 1 year
Compensated absences payable	\$375,828	\$349,631	\$320,378	\$405,081	\$303,811
Capital leases payable	<u>74,336</u>		<u>16,591</u>	<u>57,745</u>	<u>17,854</u>
Total long-term liabilities	<u>\$450,164</u>	<u>\$349,631</u>	<u>\$336,969</u>	<u>\$462,826</u>	<u>\$321,665</u>

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

The assets acquired through capital leases are as follows:

Equipment	\$96,587
Less: accumulated depreciation	<u>19,317</u>
Net carrying value	<u>\$77,270</u>

The following schedule details debt service requirements to maturity for the District's capital leases payable at June 30, 2014:

<u>Year ending June 30</u>	
2015	\$22,251
2016	22,251
2017	<u>22,251</u>
Total minimum lease payments	66,753
Less amount representing interest	<u>9,008</u>
Present value of net minimum lease payments	<u>\$57,745</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 \$50 million with no deductible except for employer's liability which is \$500,000. The coverage limit for professional liability is \$10 million with no deductible. The coverage limit for property insurance is \$49 million with a \$1,000 deductible. The coverage limit for automobile liability is \$10 million with no deductible. The coverage limit for commercial crime is \$1.5 million with a \$100 deductible.

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
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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, employees' health, 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, 2014. The no-fault mold coverage is limited to \$25,000 per campus and covers direct physical loss or damage caused by fungus, wet or dry rot, or bacteria, including the cost of removal and the cost for clearance testing. The limitation is for mold damage not linked to a specific occurrence. Property damage insurance continues to be available for occurrences reported within 30 days of the event.

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

Note 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 \$367,026 for the year ended June 30, 2014. The operating leases have remaining noncancelable terms of 1 to 9 years and provide renewal options.

Of the current rental expenses, \$32,955 was paid to the Foundation. The nature of the relationship between the District and the Foundation is stated in Note 10. The District entered into an operating lease with the Foundation for a building and parking lot. The term of the lease began February 14, 2006, and continues to February 13, 2015. There is a step-down rental provision of 20 percent that began March 1, 2011, and continues each March 1 thereafter.

Navajo County Community College District
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Notes to Financial Statements
June 30, 2014

The following future minimum payments were required under the operating leases at June 30, 2014:

Year ending June 30	
2015	\$ 278,640
2016	227,991
2017	186,329
2018	178,050
2019	136,369
2020-2024	<u>142,773</u>
Total minimum lease payments	<u>\$1,150,152</u>

Note 8 - Pension and Other Postemployment Benefits

Plan descriptions—The District contributes to a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health insurance premium benefit plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan, all of which the Arizona State Retirement System administers. The Arizona State Retirement System (through its Retirement Fund) provides retirement (i.e., pension), death, and survivor benefits; the Health Benefit Supplement Fund provides health insurance premium benefits (i.e., a monthly subsidy); and the Long-Term Disability Fund provides long-term disability benefits. State statute establishes benefits. The Arizona State Retirement System Board governs the system according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The System issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report is available on its web site at www.azasrs.gov; by writing the Arizona State Retirement System, 3300 N. Central Ave., P.O. Box 33910, Phoenix, AZ 85067-3910; or by calling (602) 240-2000 or 1-800-621-3778.

Funding policy—The Arizona State Legislature establishes and may amend active plan members' and the District's contribution rates. For the year ended June 30, 2014, statute required active plan members to contribute at the actuarially determined rate of 11.54 percent (11.3 percent for retirement and 0.24 percent for long-term disability) of the members' annual covered payroll and statute required the District to contribute at the actuarially determined rate of 11.54 percent (10.7 percent for retirement, 0.6 percent for health insurance premium benefit, and 0.24 percent for long-term disability) of the members' annual covered payroll.

The District's contributions for the current and 2 preceding years, all of which were equal to the required contributions, were as follows:

Year ended June 30,	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
2014	\$1,223,689	\$68,618	\$27,438
2013	1,156,519	73,340	27,076
2012	968,778	61,837	23,940

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2014

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	\$17,200,507
Contract services	2,243,436
Supplies and other services	3,550,497
Communications and utilities	1,086,284
Scholarships	2,240,669
Depreciation	1,838,484
Other	<u>61,033</u>
Total	<u>\$28,220,910</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, 2014.

Note 10 -Discretely Presented Component Unit Disclosures

A. Summary of Significant Accounting Policies

The significant accounting policies of the Foundation and NATC are described below to enhance the usefulness of the financial statements to the reader.

Nature of the Component Units—The Foundation is a not-for-profit corporation operating in accordance with Section 501(c)(3) of the Internal Revenue Code. The Foundation is located in Snowflake, AZ, and provides supplemental philanthropic support for students, and programs and services that advance the mission of Northland Pioneer College (College). The Foundation receives cash contributions, gifts, membership dues, and rental income, 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 the Foundation 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.

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2014

Financial Statement Presentation—The Foundation 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—The Foundation 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, the Foundation qualifies for the charitable deduction under Internal Revenue Section 170(b)(1)(A).

The Foundation 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 generally accepted 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—The Foundation 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—The Foundation recognizes investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets.

NATC has no investments as of June 30, 2014.

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

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

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2014

Contributions—The Foundation 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—The Foundation 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 the Foundation with guidance on accounting for the net asset classification of such endowment funds.

Property Held for Sale—The Foundation 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, 2014 is reported as real estate investments.

Date of Management’s Review—Management has reviewed events subsequent to June 30, 2014, up through the financial statements report date, for the Foundation, September 16, 2014, and for NATC, August 8, 2014. 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. The following subsequent events are being disclosed.

Subsequent to June 30, 2014 the Foundation has been reorganized with a new Board of Directors and a new Executive Director. The name of the Foundation has been changed to NPC Friends and Family, Inc. It will continue to act primarily as a fund-raising organization that receives gifts and bequests, administers those resources, and disburses payments to or on the behalf of the District for scholarships and other educational purposes.

Effective October 16, 2014, the Foundation sold the building and parking lot it owned in Holbrook, Arizona, which was leased to the District for general office spaces. This resulted in termination of the operating lease the District had with the Foundation.

B. Cash

The total cash held by the Foundation and NATC at June 30, 2014, are as follows:

	Foundation	NATC
Checking	\$10,661	\$66,719
Money market	17,990	
Savings	<u>8,307</u>	
	<u>\$36,958</u>	<u>\$66,719</u>
Unrestricted cash	\$33,788	\$66,719
Restricted cash	<u>3,170</u>	
	<u>\$36,958</u>	<u>\$66,719</u>

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2014

C. Investments

For the year ended June 30, 2014, the Foundation 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 \$127,497 and the real estate value was approximately \$8,000 as of June 30, 2014.

NATC had no investments as of June 30, 2014.

D. Property and Equipment

The total property and equipment held by the Foundation and NATC at June 30, 2014, are as follows:

	Foundation	NATC
Land	\$ 10,000	\$ 110,000
Buildings	50,000	293,971
Furniture & equipment	2,233	
Training facilities		<u>2,082,781</u>
	<u>62,233</u>	<u>2,486,752</u>
Less accumulated depreciation	<u>(29,252)</u>	<u>(626,291)</u>
	<u>\$ 32,981</u>	<u>\$1,860,461</u>

E. Restrictions on Net Assets

The Foundation had temporarily restricted net assets in the amount of \$64,542 as of June 30, 2014, consisting of donated contributions and investment earnings, which are available for scholarships in future years. The Foundation had permanently restricted net assets of \$66,125 as of June 30, 2014, representing endowed scholarship funds.

NATC had no restricted net assets as of June 30, 2014.

F. Endowment Funds

The Foundation's endowment consists of a fund established for the Martia A. Smith Memorial Art Scholarship.

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

The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2014

endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment.

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

NATC had no endowment funds as of June 30, 2014.

G. Related Parties

For a portion of the year ended June 30, 2014, the Foundation subcontracted its Executive Director and made payments to Chugg Financial Services, LLC, a company that is owned and operated by its former Executive Director.

The Foundation owns a building and parking lot in Holbrook, Arizona, which was leased to NPC for general offices during the year ended June 30, 2014. Effective October 16, 2014, the Foundation sold the building and parking lot. This resulted in termination of the operating lease the District had with the Foundation.

NPC provides certain use of facilities and staff services which benefits NATC. 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.

NPC also leases the training facility and equipment on a year to year lease. The lease income to NATC from NPC was \$26,000 for the year ended June 30, 2014.

This note should be read in conjunction with Note 7 on operating leases.

Statistical Section



Northland Pioneer College
EXPANDING MINDS • TRANSFORMING LIVESSM

Statistical Section Introduction

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

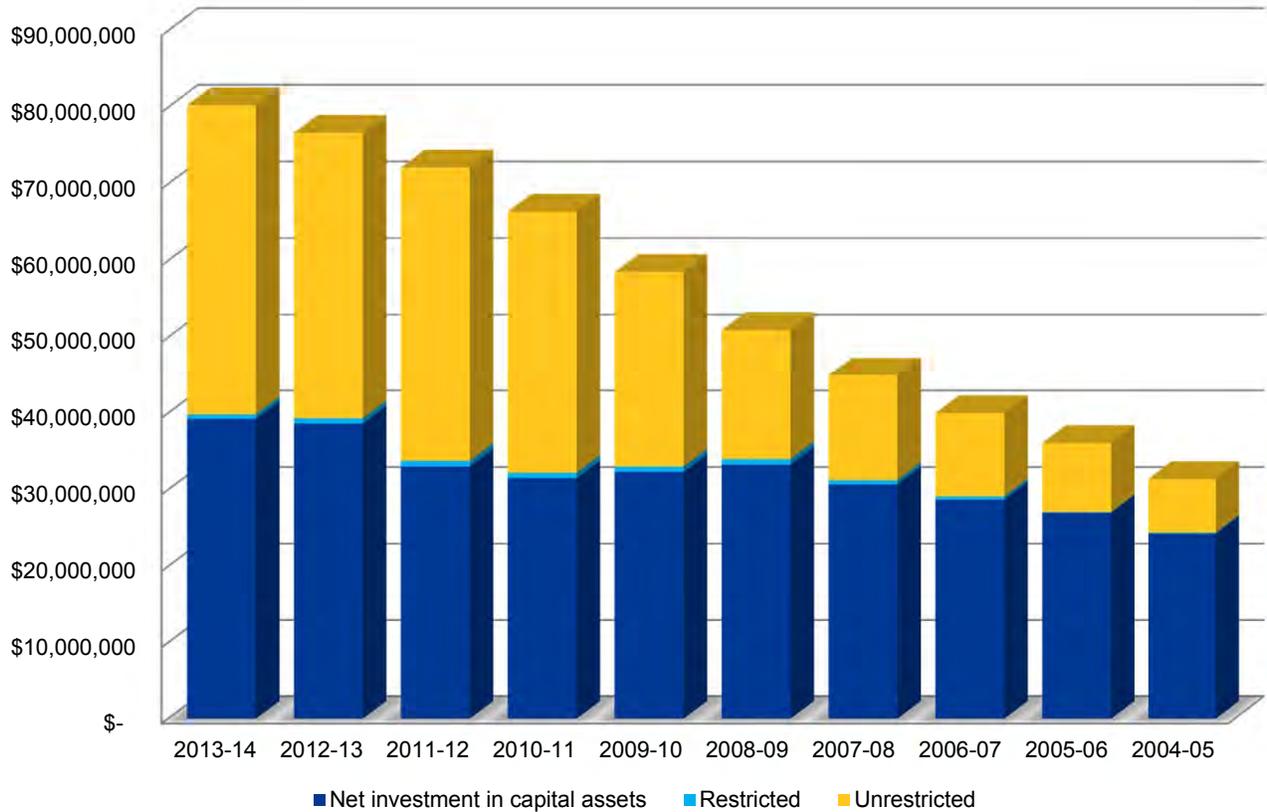
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

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

	2013-14	2012-13	2011-12	2010-11	2009-10
Primary government					
Net investment in capital assets	\$ 39,231,822	\$ 38,626,891	\$ 33,030,762	\$ 31,503,651	\$ 32,314,878
Restricted	612,712	691,628	735,512	717,570	716,192
Unrestricted	40,454,224	37,382,691	38,388,993	34,195,371	25,496,949
Total primary government net position	<u>\$ 80,298,758</u>	<u>\$ 76,701,210</u>	<u>\$ 72,155,267</u>	<u>\$ 66,416,592</u>	<u>\$ 58,528,019</u>

	2008-09	2007-08	2006-07	2005-06	2004-05
Primary government					
Net investment in capital assets	\$ 33,252,059	\$ 30,693,926	\$ 28,703,360	\$ 27,003,288	\$ 24,269,466
Restricted	750,289	560,887	417,583	72,871	131,260
Unrestricted	16,951,989	13,723,069	10,881,445	9,030,144	7,001,864
Total primary government net position	<u>\$ 50,954,337</u>	<u>\$ 44,977,882</u>	<u>\$ 40,002,388</u>	<u>\$ 36,106,303</u>	<u>\$ 31,402,590</u>

Net Position by Component



Source:
Audited financial statements.

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

	2013-14	2012-13	2011-12 (1)	2010-11 (2)	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Operating revenues:										
Tuition and fees,										
net scholarship allowances	\$ 2,295,137	\$ 2,466,640	\$ 2,690,260	\$ 2,319,373	\$ 3,062,113	\$ 2,824,047	\$ 2,483,223	\$ 2,361,668	\$ 2,390,338	\$ 1,996,874
Government contracts (3)	3,156,936	2,969,273	2,638,049	2,060,376	1,868,359	2,058,901	3,032,846	1,014,145	1,511,652	1,469,989
Bookstore income, net of scholarship allowances	66,720	42,460	33,564	28,892	701,123	803,661	995,347	678,774	849,174	808,569
Other	352,295	379,831	291,648	369,299	297,825	247,370	172,720	211,818	231,919	222,363
Total operating revenues	5,871,088	5,858,204	5,653,521	4,777,940	5,929,420	5,933,979	6,684,136	4,266,405	4,983,083	4,497,795
Operating expenses:										
Instruction	9,761,727	9,660,102	8,827,606	8,450,971	9,067,801	10,565,902	10,355,967	9,305,328	9,299,812	9,316,065
Public service	35,889	29,387	25,647	13,128	14,178	14,126	12,562	9,548	10,020	15,388
Academic support	1,046,927	1,047,037	1,009,880	996,556	985,173	785,099	803,190	817,101	874,888	815,634
Student services	2,143,989	2,151,538	2,015,021	1,532,942	3,750,620	3,364,710	3,018,052	2,585,022	2,395,805	2,571,292
Institutional Support	8,475,611	8,308,926	8,481,782	6,681,808	7,151,218	7,814,683	7,141,298	6,789,420	5,583,393	5,008,757
Operation and maintenance of plant	2,118,547	1,867,890	1,758,007	1,563,034	1,599,258	2,037,490	2,182,091	1,725,738	1,831,712	1,673,191
Scholarships	2,240,669	2,570,647	3,094,923	3,128,320	609,337	980,151	630,161	602,880	555,108	511,772
Auxiliary enterprises	559,067	451,470	404,767	1,217,755	1,270,886	1,547,548	1,508,514	1,551,240	1,479,195	1,446,337
Depreciation	1,838,484	1,544,414	1,366,808	1,320,494	1,435,550	1,234,076	2,195,985	1,130,750	1,132,385	1,086,783
Total operating expenses	28,220,910	27,631,411	26,984,441	24,905,008	25,884,021	28,343,785	27,847,820	24,517,027	23,162,318	22,445,219
Operating loss	(22,349,822)	(21,773,207)	(21,330,920)	(20,127,068)	(19,954,601)	(22,409,806)	(21,163,684)	(20,250,622)	(18,179,235)	(17,947,424)
Nonoperating revenues (expenses):										
Property taxes	13,153,327	13,180,294	12,703,703	11,988,497	11,353,707	12,321,619	11,651,832	11,022,566	11,122,948	9,749,809
State appropriations	7,160,800	7,059,800	8,181,800	10,214,000	10,214,000	9,807,911	9,717,500	7,784,925	7,147,900	6,547,100
Government grants (3)	4,740,596	5,018,111	5,502,290	4,955,825	4,956,184	5,083,645	3,146,431	3,266,321	3,241,987	3,402,668
Private grants (4)	304,219	325,919	360,370	345,534	450,763	529,310	871,651	636,211	339,768	255,835
Share of state sales taxes	435,192	545,682	372,308	386,743	422,737	453,912	487,131	512,032	474,307	456,613
Investment earnings	148,526	170,717	136,283	124,907	130,891	257,027	502,903	540,886	205,191	155,540
Interest expense	(5,138)	-	(6,854)	(3,428)	-	(67,163)	(131,411)	(185,709)	(226,053)	(274,389)
Gain/(loss) on disposal of capital assets	(112,752)	18,627	(180,305)	3,563	-	-	(612,459)	-	-	-
Other	-	-	-	-	-	-	-	-	-	(191,774)
Total nonoperating revenues and expenses	25,824,770	26,319,150	27,069,595	28,015,641	27,528,282	28,386,261	25,633,578	23,577,232	22,306,048	20,101,402
Income before other revenues, expenses, gains or loss	3,474,948	4,545,943	5,738,675	7,888,573	7,573,682	5,976,455	4,469,894	3,326,610	4,126,813	2,153,978
Capital appropriations	122,600	-	-	-	-	-	505,600	569,475	576,900	586,300
Increase in net position	3,597,548	4,545,943	5,738,675	7,888,573	7,573,682	5,976,455	4,975,494	3,896,085	4,703,713	2,740,278
Total net position, July 1	76,701,210	72,155,267	66,416,592	58,528,019	50,954,337	44,977,882	40,002,388	36,106,303	31,402,590	28,662,312
Total net position, June 30	\$80,298,758	\$76,701,210	\$72,155,267	\$66,416,592	\$58,528,019	\$50,954,337	\$44,977,882	\$40,002,388	\$36,106,303	\$31,402,590

Source:

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

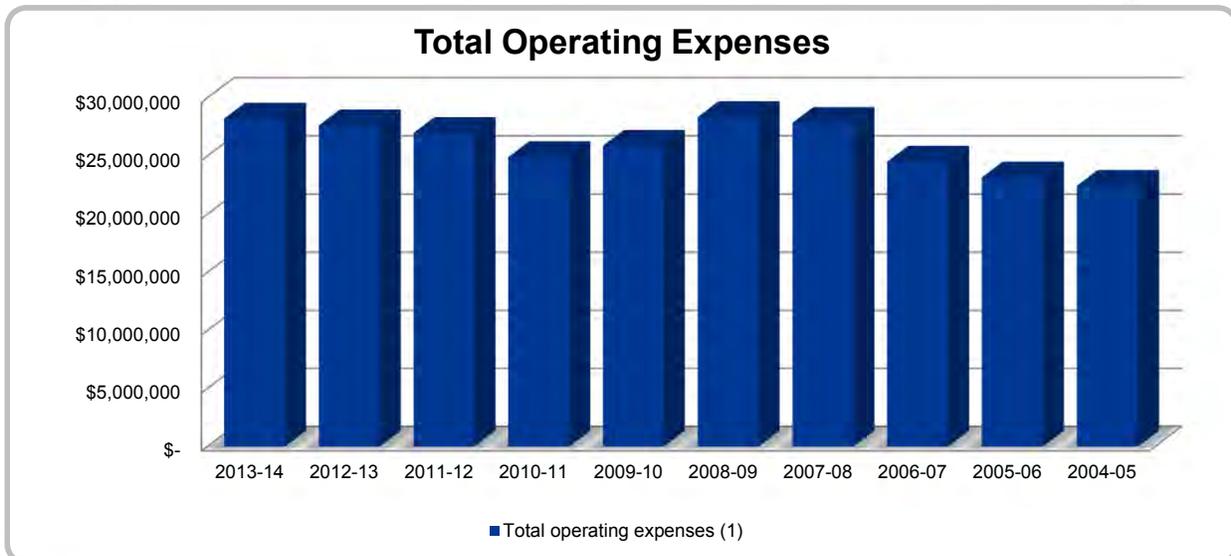
Notes:

- (1) Starting in fiscal year 2011-12, Tuition and fees, net of scholarship allowances and Government contracts were adjusted to reclassify tuition waivers associated with an intergovernment agreement as a scholarship allowance.
- (2) Starting in fiscal year 2010-11, expenses for Scholarships and Students services were adjusted to reclassify payments made to students for student financial aid and scholarships. These payments were reported as Student services in prior years.
- (3) In fiscal year 2007-08, Government grants, which were included with Government contracts, were reclassified from operating revenues to nonoperating revenues. For comparability purposes, prior years have been reclassified.
- (4) In fiscal year 2011-12, Private grants were adjusted to reclassify the amounts from operating to nonoperating revenues. For comparability purposes, prior years have been reclassified.

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

	2013-14	2012-13	2011-12	2010-11 (1)	2009-10
Instruction	\$ 9,761,727	\$ 9,660,102	\$ 8,827,606	\$ 8,450,971	\$ 9,067,801
Public service	35,889	29,387	25,647	13,128	14,178
Academic support	1,046,927	1,047,037	1,009,880	996,556	985,173
Student services	2,143,989	2,151,538	2,015,021	1,532,942	3,750,620
Institutional support	8,475,611	8,308,926	8,481,782	6,681,808	7,151,218
Operation and maintenance of plant	2,118,547	1,867,890	1,758,007	1,563,034	1,599,258
Scholarships	2,240,669	2,570,647	3,094,923	3,128,320	609,337
Auxiliary enterprises	559,067	451,470	404,767	1,217,755	1,270,886
Depreciation	1,838,484	1,544,414	1,366,808	1,320,494	1,435,550
Total operating expenses	28,220,910	27,631,411	26,984,441	24,905,008	25,884,021
Interest expense	5,138	-	6,854	3,428	-
Loss on disposal of capital assets	112,752	-	180,305	-	-
Other	-	-	-	-	-
Total nonoperating expenses	117,890	-	187,159	3,428	-
Total expenses	\$ 28,338,800	\$ 27,631,411	\$ 27,171,600	\$ 24,908,436	\$ 25,884,021

	2008-09	2007-08	2006-07	2005-06	2004-05
Instruction	\$ 10,565,902	\$ 10,355,967	\$ 9,305,328	\$ 9,299,812	\$ 9,316,065
Public service	14,126	12,562	9,548	10,020	15,388
Academic support	785,099	803,190	817,101	874,888	815,634
Student services	3,364,710	3,018,052	2,585,022	2,395,805	2,571,292
Institutional support	7,814,683	7,141,298	6,789,420	5,583,393	5,008,757
Operation and maintenance of plant	2,037,490	2,182,091	1,725,738	1,831,712	1,673,191
Scholarships	980,151	630,161	602,880	555,108	511,772
Auxiliary enterprises	1,547,548	1,508,514	1,551,240	1,479,195	1,446,337
Depreciation	1,234,076	2,195,985	1,130,750	1,132,385	1,086,783
Total operating expenses	28,343,785	27,847,820	24,517,027	23,162,318	22,445,219
Interest expense	67,163	131,411	185,709	226,053	274,389
Loss on disposal of capital assets	-	612,459	-	-	-
Other	-	-	-	-	191,774
Total nonoperating expenses	67,163	743,870	185,709	226,053	466,163
Total expenses	\$ 28,410,948	\$ 28,591,690	\$ 24,702,736	\$ 23,388,371	\$ 22,911,382



Source:
Audited financial statements.

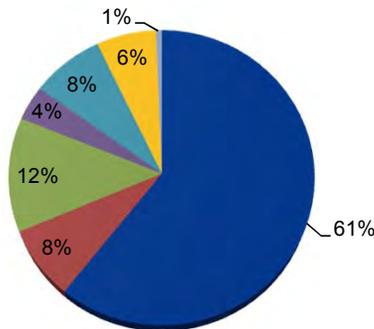
Note:
(1) Starting in fiscal year 2010-11, expenses for Scholarships and Student services were adjusted to reclassify payments made to students for student financial aid and scholarships. These payments were reported as Student services in prior years.

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

	2013-14	2012-13	2011-12	2010-11 (2)	2009-10
Compensation and benefits (1)	\$ 17,200,507	\$ 16,939,312	\$ 15,550,537	\$ 14,290,694	\$ 15,122,656
Contract services	2,243,436	2,138,098	2,680,066	1,621,476	1,729,224
Supplies and other services	3,550,497	3,223,900	3,086,612	3,289,474	5,399,355
Communications and utilities	1,086,284	1,191,308	1,183,082	1,232,953	1,399,939
Scholarships	2,240,669	2,570,647	3,094,923	3,128,320	609,337
Depreciation	1,838,484	1,544,414	1,366,808	1,320,494	1,435,550
Other	61,033	23,732	22,413	21,597	187,960
Total operating expenses	28,220,910	27,631,411	26,984,441	24,905,008	25,884,021
Non operating expenses	117,890	-	187,159	3,428	-
Total expenses	\$ 28,338,800	\$ 27,631,411	\$ 27,171,600	\$ 24,908,436	\$ 25,884,021

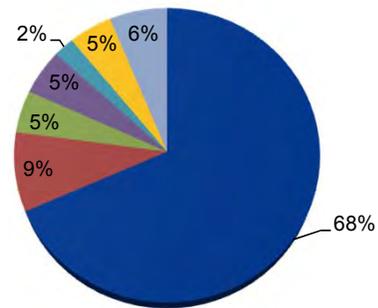
	2008-09	2007-08	2006-07	2005-06	2004-05
Compensation and benefits (1)	\$ 16,822,406	\$ 19,258,989	\$ 17,481,916	\$ 15,806,791	\$ 15,680,065
Contract services	2,268,681	2,197,358	2,634,480	2,010,141	1,989,023
Supplies and other services	4,960,590	1,562,855	994,203	1,072,670	1,063,039
Communications and utilities	1,520,225	1,530,845	1,494,933	1,191,012	1,149,169
Scholarships	980,151	630,161	602,880	555,108	511,772
Depreciation	1,234,076	2,195,985	1,130,750	1,132,385	1,086,783
Other	557,656	471,627	177,865	1,394,211	965,368
Total operating expenses	28,343,785	27,847,820	24,517,027	23,162,318	22,445,219
Non operating expenses	67,163	743,870	185,709	226,053	466,163
Total expenses	\$ 28,410,948	\$ 28,591,690	\$ 24,702,736	\$ 23,388,371	\$ 22,911,382

FY13-14 Expenses by Use



■ Compensation and benefits (1) ■ Contract services
■ Supplies and other services ■ Communications and utilities
■ Scholarships ■ Depreciation
■ Other - operating & nonoperating

FY04-05 Expenses by Use



■ Compensation and benefits (1) ■ Contract services
■ Supplies and other services ■ Communications and utilities
■ Scholarships ■ Depreciation
■ Other - operating & nonoperating

Source:

Audited financial statements except as adjusted in (3).

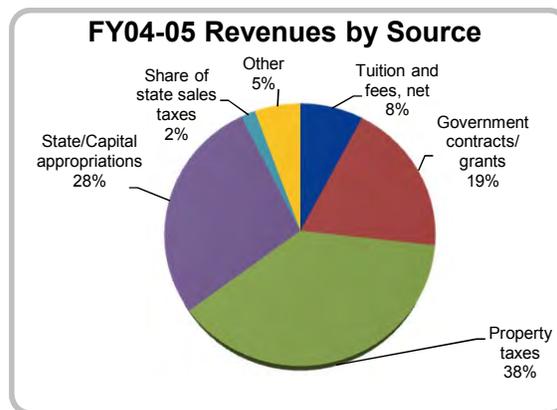
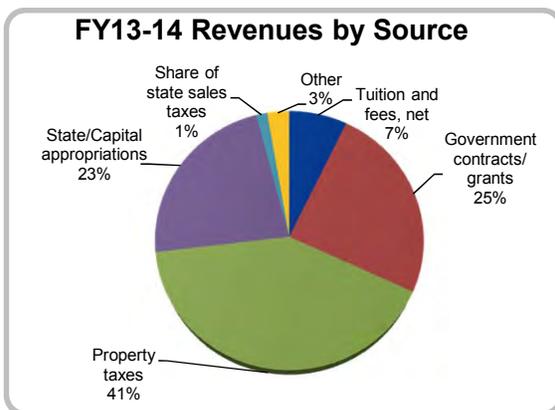
Notes:

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

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

	2013-14	2012-13	2011-12 (1)	2010-11	2009-10
Tuition and fees, net	\$ 2,295,137	\$ 2,466,640	\$ 2,690,260	\$ 2,319,373	\$ 3,062,113
Government contracts (2)	3,156,936	2,969,273	2,638,049	2,060,376	1,868,359
Bookstore income, net	66,720	42,460	33,564	28,892	701,123
Other	352,295	379,831	291,648	369,299	297,825
Total operating revenue	5,871,088	5,858,204	5,653,521	4,777,940	5,929,420
Property taxes	13,153,327	13,180,294	12,703,703	11,988,497	11,353,707
State appropriations	7,160,800	7,059,800	8,181,800	10,214,000	10,214,000
Government grants (2)	4,740,596	5,018,111	5,502,290	4,955,825	4,956,184
Private grants (3)	304,219	325,919	360,370	345,534	450,763
Share of state sales taxes	435,192	545,682	372,308	386,743	422,737
Investment earnings	148,526	170,717	136,283	124,907	130,891
Gain on disposal of capital assets	-	18,627	-	3,563	-
Total nonoperating revenues	25,942,660	26,319,150	27,256,754	28,019,069	27,528,282
Capital appropriations	122,600	-	-	-	-
Total revenues	\$ 31,936,348	\$ 32,177,354	\$ 32,910,275	\$ 32,797,009	\$ 33,457,702

	2008-09	2007-08	2006-07	2005-06	2004-05
Tuition and fees, net	\$ 2,824,047	\$ 2,483,223	\$ 2,361,668	\$ 2,390,338	\$ 1,996,874
Government contracts (2)	2,058,901	3,032,846	1,014,145	1,511,652	1,469,989
Bookstore income, net	803,661	995,347	678,774	849,174	808,569
Other	247,370	172,720	211,818	231,919	222,363
Total operating revenue	5,933,979	6,684,136	4,266,405	4,983,083	4,497,795
Property taxes	12,321,619	11,651,832	11,022,566	11,122,948	9,749,809
State appropriations	9,807,911	9,717,500	7,784,925	7,147,900	6,547,100
Government grants (2)	5,083,645	3,146,431	3,266,321	3,241,987	3,402,668
Private grants (3)	529,310	871,651	636,211	339,768	255,835
Share of state sales taxes	453,192	487,131	512,032	474,307	456,613
Investment earnings	257,027	502,903	540,886	205,191	155,540
Gain on disposal of capital assets	-	-	-	-	-
Total nonoperating revenues	28,453,424	26,377,448	23,762,941	22,532,101	20,567,565
Capital appropriations	-	505,600	569,475	576,900	586,300
Total revenues	\$ 34,387,403	\$ 33,567,184	\$ 28,598,821	\$ 28,092,084	\$ 25,651,660



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

Notes:
 (1) Starting in fiscal year 2011-12, Tuition and fees, net of scholarship allowances and Government contracts were adjusted to reclassify tuition waivers associated with an intergovernment agreement as a scholarship allowance.
 (2) In fiscal year 2007-08, Government grants, which were included with Government contracts, were reclassified from operating revenues to nonoperating revenues. For comparability purposes, prior years have been reclassified.
 (3) In fiscal year 2011-12, Private grants were adjusted to reclassify the amounts from operating to nonoperating revenues. For comparability purposes, prior years have been reclassified.

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

Fiscal Year	Statutory Expenditure Limitation (1)	Budgeted Expenditures Subject to Limitation (2)	Amount Under/(Over) Expenditure Limitation	
2013-14	\$ 14,894,360	\$ 14,894,360	-	(3)
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)
2007-08	16,100,110	15,416,094	684,016	
2006-07	16,284,904	16,202,909	81,995	
2005-06	16,278,691	15,915,946	362,745	
2004-05	\$ 15,891,525	\$ 14,429,617	\$ 1,461,908	

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 2014 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 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)	Total Assessed Value			
2013-14	\$272,274,079	\$612,397,229	\$ 18,680,546	\$ 903,351,854	1.4769	\$8,197,385,245	11.02% (3)
2012-13	270,501,880	683,203,369	20,587,141	974,292,390	1.3515	8,841,128,766	11.02%
2011-12	260,662,273	745,626,178	19,848,674	1,026,137,125	1.2387	9,354,030,310	10.97%
2010-11	234,930,409	802,594,776	21,479,665	1,059,004,850	1.1308	9,531,996,850	11.11%
2009-10	219,541,850	758,613,629	20,609,071	998,764,550	1.1352	8,933,493,292	11.18%
2008-09	209,385,295	679,130,430	19,841,971	908,357,696	1.3382	8,081,474,164	11.24%
2007-08	202,500,639	590,606,733	19,206,899	812,314,271	1.4206	7,182,265,880	11.31%
2006-07	201,542,336	516,317,059	16,977,326	734,836,721	1.4858	6,462,943,896	11.37%
2005-06	199,147,834	465,538,343	19,247,953	683,934,130	1.5200	6,004,689,464	11.39%
2004-05	\$191,502,908	\$431,698,011	\$ 21,394,346	\$ 644,595,265	1.5092	\$5,684,261,596	11.34%

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 2004-05.

(3) Assessed Value as Percentage of Actual Value for fiscal year 2013-14 is based on prior year, current year information not available.

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

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
2013-14 (3)	\$ 13,267,899	\$ 12,815,737	96.59%	\$ -	\$ 12,815,737	96.59%
2012-13	13,059,169	12,671,313	97.03%	355,466	13,026,779	99.75%
2011-12	12,647,564	12,187,235	96.36%	437,998	12,625,233	99.82%
2010-11	11,898,901	11,303,655	95.00%	577,314	11,880,970	99.85%
2009-10	11,331,739	10,769,251	95.04%	550,937	11,320,188	99.90%
2008-09	12,312,004	11,733,475	95.30%	571,881	12,305,356	99.95%
2007-08	11,624,490	11,083,456	95.35%	537,940	11,621,396	99.97%
2006-07	10,967,580	10,529,086	96.00%	436,222	10,965,308	99.98%
2005-06	10,405,570	9,744,447	93.65%	658,637	10,403,084	99.98%
2004-05	\$ 9,732,077	\$ 9,234,450	94.89%	\$ 496,029	\$ 9,730,479	99.98%

Source:

Navajo County Treasurer and Assessor Offices and District records.

Notes:

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

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

Fiscal Year	Overlapping Rates									
	Northland Pioneer College			Navajo County	Cities and Towns		Fire and Special Districts		School Districts	
	Primary	Secondary	Total		From	To	From	To	From	To
2013-14	1.4769		1.4769	0.6995	0.2789	1.1934	0.0500	3.5500	0.4312	8.0000
2012-13	1.3515		1.3515	0.6401	0.2789	0.9880	0.0500	3.5500	0.1255	8.0000
2011-12	1.2387		1.2387	0.5984	0.2789	0.9815	0.0500	3.5500	1.7682	7.2564
2010-11	1.1308		1.1308	0.5572	0.2789	0.8567	0.0500	3.5500	1.4797	8.0000
2009-10	1.1352		1.1352	0.5594	0.2789	0.8550	0.0500	3.5500	1.3726	8.3747
2008-09	1.1719	0.1663	1.3382	0.5775	0.2845	0.8685	0.0500	3.5500	1.4622	7.7773
2007-08	1.2257	0.1949	1.4206	0.6041	0.2845	0.8870	0.0500	3.5500	1.6020	6.7592
2006-07	1.2639	0.2219	1.4858	0.6229	0.5216	0.9134	0.0500	2.6347	1.7394	8.0200
2005-06	1.2857	0.2343	1.5200	0.6337	0.5324	0.9501	0.0500	2.6514	1.8090	8.0200
2004-05	1.2566	0.2526	1.5092	0.6316	0.5610	0.9501	0.0500	2.4450	1.8931	8.0200

Source:

District records and Navajo County Treasurer.

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

	2013			2004		
	Primary Assessed Valuation	Rank	Percent of Navajo County's Primary Assessed Valuation	Primary Assessed Valuation	Rank	Percent of Navajo County's Primary Assessed Valuation
Arizona Public Service Company	\$ 136,252,482	1	13.98%	\$ 96,593,064	1	15.49%
PacifiCorp Electric Operations	50,214,255	2	5.15%	32,473,751	2	5.21%
Transwestern Pipeline Co	17,302,668	3	1.78%	7,818,785	6	1.25%
Peabody Western Coal Co	13,825,500	4	1.42%	15,712,500	3	2.52%
El Paso Natural Gas Co	8,087,415	5	0.83%	9,728,495	5	1.56%
Burlington Northern/Santa Fe Railway	6,782,129	6	0.70%	5,184,182	10	0.83%
Citizens Telecom of White Mountains	5,833,729	7	0.60%	10,589,603	4	1.70%
Navopache Electric Co-Op Inc	5,666,680	8	0.58%	5,430,813	9	0.87%
Smith Bagley	5,279,667	9	0.54%	n/a	n/a	n/a
Unisource Energy Corporation	4,968,246	10	0.51%	n/a	n/a	n/a
Navajo County Assessed Value	\$ 974,292,390			\$ 623,721,601		

Source:

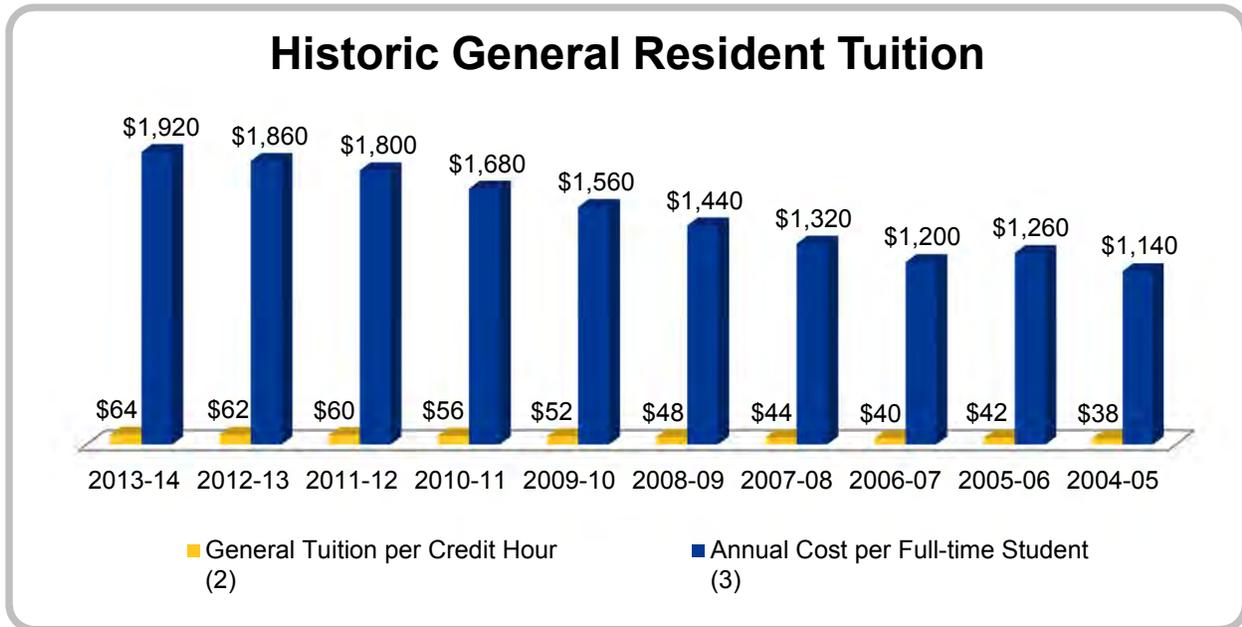
Navajo County Finance and Assessor Offices.

Note:

Information presented is based on tax year.

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

Fiscal Year (1)	District Historic Tuition			
	General Tuition per Credit Hour (2)	Annual Cost per Full-Time Student (3)	Increase (Decrease)	
			Dollars	Percent
2013-14	\$ 64	\$ 1,920	\$ 2	3%
2012-13	62	1,860	2	3%
2011-12	60	1,800	4	7%
2010-11	56	1,680	4	8%
2009-10	52	1,560	4	8%
2008-09	48	1,440	4	9%
2007-08	44	1,320	4	10%
2006-07	40	1,200	(2)	-5%
2005-06	42	1,260	4	11%
2004-05	\$ 38	\$ 1,140	\$ 3	9%



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	General Obligation Bonds	Certificates of Participation	Capital Lease Obligations	Total Outstanding Debt	Per FTSE (1)	Per Capita (2)
2013-14	\$ -	\$ -	\$ 57,745	\$ 57,745	\$ 31.64	\$ 0.54
2012-13	-	-	74,336	74,336	37.89	0.69
2011-12	-	-	-	-	-	-
2010-11	-	-	83,123	83,123	37.46	0.78
2009-10	-	-	-	-	-	-
2008-09	-	-	-	-	-	-
2007-08	1,605,000	235,000	-	1,840,000	735.71	16.38
2006-07	3,165,000	455,000	39,446	3,659,446	1,588.30	32.97
2005-06	4,680,000	665,000	116,740	5,461,740	2,268.16	50.11
2004-05	\$ 6,155,000	\$ 860,000	\$ 191,951	\$ 7,206,951	\$ 2,660.37	\$ 67.37

Source:

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

Notes:

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

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

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

	2013-14	2012-13	2011-12	2010-11	2009-10
Secondary Assessed Value of Real and Personal Property	\$ 904,776,443	\$ 978,263,926	\$ 1,040,412,117	\$ 1,116,355,302	\$ 1,100,568,483
Debt Limit, 15% of Secondary Assessed Value	135,716,466	146,739,589	156,061,818	167,453,295	165,085,272
Amount of Debt Applicable to Debt Limit: General Obligation Bonded Debt	-	-	-	-	-
Total net debt applicable to the limit	-	-	-	-	-
Legal debt margin	<u>\$ 135,716,466</u>	<u>\$ 146,739,589</u>	<u>\$ 156,061,818</u>	<u>\$ 167,453,295</u>	<u>\$ 165,085,272</u>
Total net debt as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

	2008-09	2007-08	2006-07	2005-06	2004-05
Secondary Assessed Value of Real and Personal Property	\$ 998,760,072	\$ 851,317,372	\$ 754,945,315	\$ 702,260,107	\$ 662,473,080
Debt Limit, 15% of Secondary Assessed Value	149,814,011	127,697,606	113,241,797	105,339,016	99,370,962
Amount of Debt Applicable to Debt Limit: General Obligation Bonded Debt	-	1,605,000	3,165,000	4,680,000	6,155,000
Total net debt applicable to the limit	-	1,605,000	3,165,000	4,680,000	6,155,000
Legal debt margin	<u>\$ 149,814,011</u>	<u>\$ 126,092,606</u>	<u>\$ 110,076,797</u>	<u>\$ 100,659,016</u>	<u>\$ 93,215,962</u>
Total net debt as a percentage of debt limit	0.00%	1.26%	2.79%	4.44%	6.19%

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		
2013-14	\$ -	\$ -	\$ -	\$ -	N/A
2012-13	-	-	-	-	N/A
2011-12	-	-	-	-	N/A
2010-11	-	-	-	-	N/A
2009-10	-	-	-	-	N/A
2008-09	1,656,313	1,605,000	56,175	1,661,175	1.00
2007-08	1,664,423	1,560,000	99,075	1,659,075	1.00
2006-07	1,675,224	1,515,000	140,737	1,655,737	1.01
2005-06	1,643,808	1,475,000	170,238	1,645,238	1.00
2004-05	\$ 1,598,302	\$ 1,445,000	\$ 199,138	\$ 1,644,138	.97

Fiscal Year	Revenues (2)	Certificates of Participation		Total Debt Service	Coverage Ratio
		Principal	Interest		
2013-14	\$ -	\$ -	\$ -	\$ -	N/A
2012-13	-	-	-	-	N/A
2011-12	-	-	-	-	N/A
2010-11	-	-	-	-	N/A
2009-10	-	-	-	-	N/A
2008-09	2,824,047	235,000	7,696	242,696	11.64
2007-08	2,483,223	220,000	29,583	249,583	9.95
2006-07	2,361,668	210,000	43,022	253,022	9.33
2005-06	2,390,338	195,000	55,308	250,308	9.55
2004-05	\$ 1,996,874	\$ 180,000	\$ 66,468	\$ 246,468	8.10

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	County Personal Income (In Thousands)	County Personal Income Per Capita	County Unemployment Rate
2013	107,322	Not available	Not available	15.2%
2012	107,094	\$ 2,826,523	26,393	15.2%
2011	107,174	2,780,847	25,947	15.8%
2010	107,449	2,742,716	25,526	16.0%
2009	112,975	2,634,137	23,316	14.9%
2008	112,348	2,539,509	22,604	9.7%
2007	110,999	2,412,656	21,736	6.3%
2006	109,000	2,260,966	20,743	7.2%
2005	106,968	2,120,553	19,824	8.0%
2004	105,020	\$ 1,933,211	\$ 18,408	8.4%

Sources:

Navajo County Finance Department, 2013 Comprehensive Annual Financial Report.

2013 County population estimate from U.S. Census Bureau.

2013 County unemployment rate from Arizona Department of Administration Office of Employment and Population Statistics (azstats.gov).

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

Employment by Sector	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Mining and Construction	1,600	1,600	1,325	1,450	1,600	2,375	2,925	3,200	2,825	2,500
Educational & Health Svcs	3,575	3,550	3,200	3,550	3,500	3,300	3,325	3,250	3,100	2,950
Financial Activities	600	575	425	400	475	525	600	650	575	600
Government	9,675	9,850	9,500	9,650	10,100	10,400	9,925	9,875	9,850	10,125
Leisure & Hospitality	3,875	3,600	3,625	3,500	3,150	3,475	3,475	3,200	3,175	3,200
Manufacturing	125	475	525	525	550	800	900	975	900	900
Information	1,175	1,175	1,150	1,150	1,075	1,000	825	800	750	650
Professional & Business Svcs	1,175	1,000	1,025	1,000	1,025	1,275	1,350	1,250	1,100	1,100
Trade, Transportation & Utilities	5,175	5,150	5,025	5,250	5,375	5,650	6,050	5,700	5,600	5,550
Other Services	1,050	950	525	700	750	850	800	925	950	800

Sources:

Navajo County Finance Department, 2013 Comprehensive Annual Financial Report.

Note:

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

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

Sources:

Navajo County Finance Department, 2013 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									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Holbrook	493	445	486	500	555	543	549	547	621	781
Show Low	955	1,173	1,409	1,439	1,700	1,536	1,591	1,577	1,533	1,603
Snowflake	390	499	525	554	705	708	639	627	696	615
Winslow	396	393	419	387	534	499	514	472	495	651
Kayenta	79	81	72	65	102	117	127	113	114	133
Hopi	130	130	135	152	195	152	172	185	194	209
Whiteriver	164	187	170	231	270	264	270	269	279	288
St Johns	188	180	167	191	178	224	206	154	132	159
Springerville/Eager	149	183	236	186	279	332	297	319	290	325
Sanders (3)	-	-	-	-	40	34	18	68	36	55
Heber (4)	-	-	-	-	71	60	111	122	106	105
Navajo County Misc.	11	36	35	37	41	21	23	17	13	38
Apache County Misc.	179	211	113	87	100	122	125	105	89	187
Department of Corrections	47	127	118	101	32	153	18	48	73	84
Other	536	709	748	743	774	745	595	563	525	616
Total District (1)	3,234	3,718	3,917	3,951	4,639	4,732	4,629	4,564	4,591	5,197

Location	Fall Historic FTSE (2)									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Holbrook	190	179	182	200	186	195	176	173	189	260
Show Low	470	526	638	667	753	693	682	684	655	703
Snowflake	143	223	184	208	253	272	240	197	186	189
Winslow	172	184	176	175	219	197	190	182	204	279
Kayenta	24	26	27	29	40	52	51	52	49	64
Hopi	47	43	49	40	66	56	58	66	70	77
Whiteriver	64	75	81	105	111	115	115	101	112	135
St Johns	89	85	72	79	53	85	88	54	68	65
Springerville/Eager	43	72	84	72	99	105	94	87	84	102
Sanders (3)	-	-	-	-	11	9	4	17	9	19
Heber (4)	-	-	-	-	15	13	22	24	22	28
Navajo County Misc	2	5	7	9	12	5	7	5	4	10
Apache County Misc	42	48	27	20	23	29	43	29	22	53
Department of Corrections	14	61	53	43	11	148	17	40	60	45
Other	146	216	227	205	212	206	168	156	143	167
Total District	1,446	1,743	1,807	1,852	2,064	2,180	1,955	1,867	1,877	2,196

Degrees & Certificates	Degrees and Certificates Awarded									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Associate of Arts	39	26	21	31	32	38	25	35	24	39
Associate of Arts in Elementary Ed	6	6	7	2	1	1	7	4	4	1
Associate of Business	8	9	7	4	9	3	6	6	8	4
Associate of Science	5	3	10	3	7	5	8	3	4	3
Associate of General Studies	33	17	15	16	26	24	23	18	39	30
Associate of Applied Science	91	93	116	87	114	96	80	73	87	74
Certificate of Proficiency	341	215	236	271	390	93	76	105	120	143
Certificate of Applied Science	63	41	9	12	26	24	8	16	44	28

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
2013	21%	79%	88%	12%	0%	1,969	1,265
2012	22%	78%	87%	13%	0%	2,221	1,497
2011	22%	78%	86%	13%	1%	2,333	1,584
2010	24%	76%	88%	11%	1%	2,393	1,558
2009	22%	78%	88%	11%	1%	3,062	1,577
2008	23%	77%	89%	11%	0%	3,042	1,690
2007	19%	81%	88%	12%	0%	3,029	1,600
2006	19%	81%	88%	12%	0%	2,984	1,580
2005	20%	80%	88%	12%	0%	3,084	1,507
2004 (2)	20%	80%	88%	12%	0%	3,374	1,823

Fall Semester	Ethnic Background						
	White (Caucasian)	American Indian	Black	Hispanic	Asian	Pacific Islander	Other/ Unknown
2013	49%	36%	1%	8%	1%	0%	5%
2012	49%	35%	1%	9%	1%	0%	5%
2011	52%	30%	1%	7%	1%	0%	9%
2010	48%	31%	0%	7%	1%	0%	13%
2009	51%	27%	1%	6%	1%	0%	14%
2008	52%	24%	1%	7%	1%	0%	15%
2007	55%	26%	1%	6%	1%	0%	11%
2006	55%	26%	1%	7%	1%	0%	10%
2005	57%	29%	1%	7%	1%	0%	5%
2004	54%	32%	1%	7%	1%	0%	5%

Source:

District records.

Notes:

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

(2) Out of County data listed for 2004 is an estimate.

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

Fall Semester	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
19 & Under	1,437	1,697	1,748	1,726	1,770	1,845	1,735	1,820	1,701	2,010
20 - 24	508	575	657	641	655	651	579	565	557	669
25 - 29	304	365	381	402	488	474	430	378	401	432
30 - 39	447	516	558	557	609	607	624	616	661	707
40 - 49	275	314	313	316	483	543	548	505	570	672
50 - 59	200	182	174	231	348	365	402	408	395	442
60 & Over	63	69	86	78	286	247	311	271	302	263
Unknown	-	-	-	-	-	-	-	1	4	2
Total (1)	3,234	3,718	3,917	3,951	4,639	4,732	4,629	4,564	4,591	5,197

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	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Faculty										
Full-time	77	76	77	70	70	73	80	81	69	69
Part-time FTE	82	85	64	66	94	77	121	132	98	141
Subtotal of Faculty	159	161	141	136	164	150	201	213	167	210
Administrative & Support Staff										
Full-time	137	133	134	125	125	113	136	139	114	132
Part-time FTE	136	151	156	164	181	235	174	131	210	174
Subtotal of Staff	273	284	290	289	306	348	310	270	324	306
Total Employees	432	445	431	425	470	498	511	483	491	516
Students per Faculty (1)	11.48	12.19	14.68	16.32	14.61	17.88	12.44	10.82	14.42	12.90
Students per Staff (1)	6.68	6.91	7.14	7.68	7.83	7.71	8.07	8.53	7.43	8.85
Average class size (2)	12	12	13	11	12	11	11	11	11	11

Source:

District records.

Notes:

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

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

Location	Fiscal Years									
	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Old Holbrook Campus										
Total Square Footage	-	-	-	12,360	12,360	12,360	27,288	44,274	44,274	45,714
Total Acreage	0.00	0.00	0.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
Old District Office Location										
Total Square Footage										
102 N. 1st Avenue	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320
103 N. 1st Avenue (1)	-	-	-	-	12,000	12,000	12,000	12,000	12,000	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	56,220	56,220	56,220	56,220	56,220	56,220	55,700	47,700	47,700
Total Acreage	27.71	27.71	27.71	27.71	27.71	27.71	27.71	27.71	27.71	27.71
Show Low Campus										
Total Square Footage	84,646	84,646	84,646	84,646	84,646	84,646	84,646	83,986	83,986	83,986
Total Acreage	31.69	31.69	31.69	31.69	31.69	31.69	31.69	31.69	31.69	31.69
Snowflake Campus										
Total Square Footage	60,240	60,240	60,240	60,240	60,240	60,240	60,240	60,240	60,240	60,338
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	49,100	49,100
Total Acreage	26.72	26.72	26.72	26.72	26.72	26.72	26.72	26.72	26.72	26.72
Kayenta Center (1)										
Total Square Footage	3,000	3,532	3,532	1,700	1,700	1,700	1,700	1,700	1,700	1,700
Hopi Center (2)										
Total Square Footage	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500
Whiteriver Center (2)										
Total Square Footage	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	9,174
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	-	-	-	-	-	-	-	-
578 N. Main			4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
District Owned Modulars	-	-	2,880	2,880	2,880	2,880	2,880	2,880	2,880	1,440
Heber Center (3)										
Total Square Footage	-	-	-	-	3,870	3,870	3,870	3,870	3,870	3,870
Total District										
Total Square Footage	360,577	316,042	297,252	307,780	323,650	323,650	338,578	354,384	344,944	342,162
Total Acreage	105.16	105.16	105.16	145.16	145.16	145.16	145.16	145.16	145.16	145.16

Source:

District records.

Notes:

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

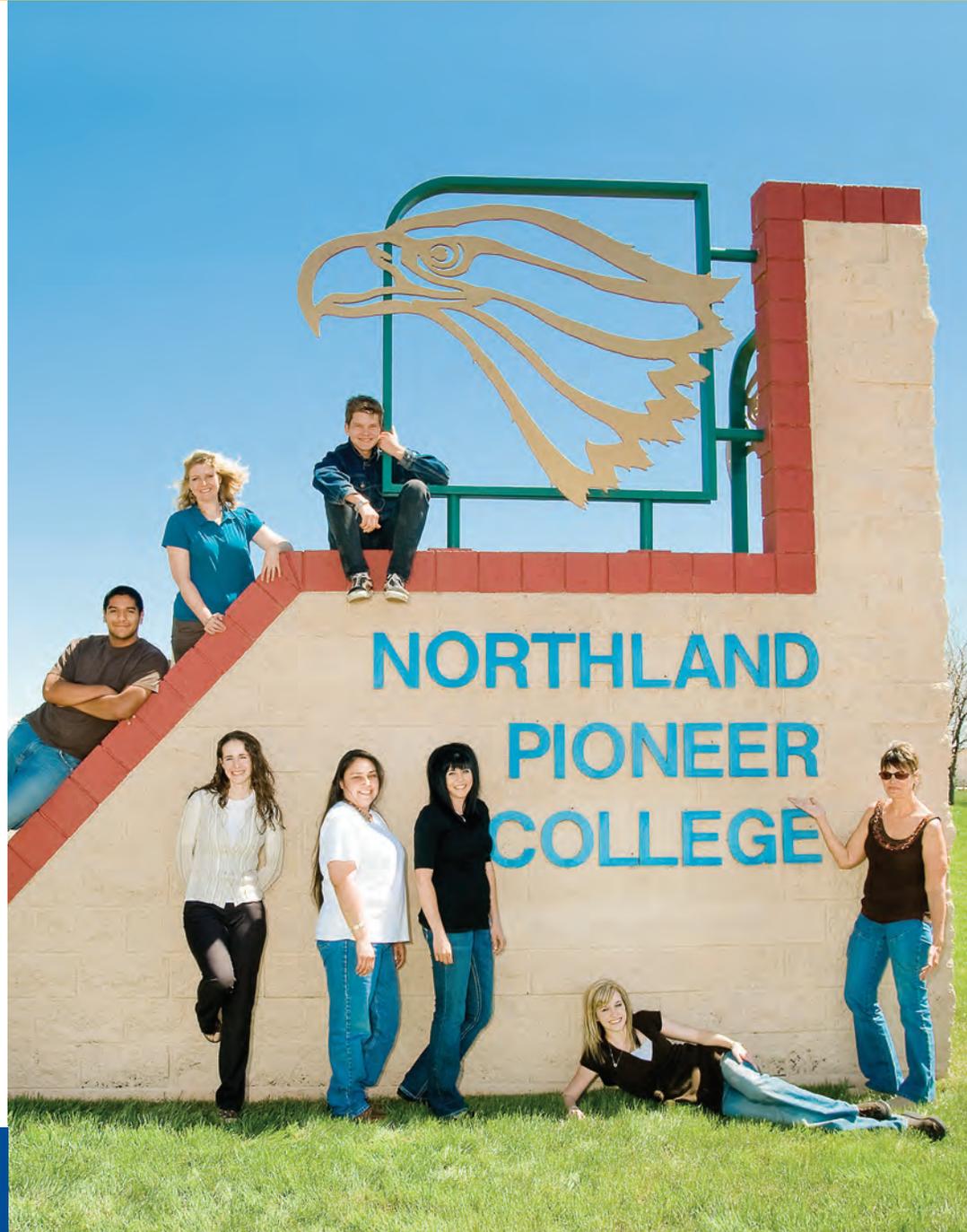


Forty Years Of Expanding Minds & Transforming Lives

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

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

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



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



Northland Pioneer College

EXPANDING MINDS • TRANSFORMING LIVES_{SM}