

Notice of Public Meeting

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Navajo County Community College District Governing Board (Board) and to the general public that the Board will hold a regular District Governing Board Meeting open to the public on **January 16, 2018 beginning at 10:00 a.m.** The meeting will be held at the Northland Pioneer College Painted Desert Campus, Tiponi Community Center meeting room, located at 2251 E. Navajo Blvd., Holbrook, Arizona.

Furthermore notice is hereby given that following the regular District Governing Board meeting the Board will meet for a Work Session also open to the public. This meeting will begin at **1:00 p.m.** and will also be held at the Northland Pioneer College Painted Desert Campus, Tiponi Community Center meeting room, located at 2251 E. Navajo Blvd., Holbrook, Arizona. **No action will be taken at this meeting.**

One or more Board members and/or staff members may participate in the meetings by telephone if necessary.

The public is invited to check on addenda that may be posted up to 24 hours prior to the meetings. Copies of the meeting agenda may be obtained through the Office of the President, Northland Pioneer College, Painted Desert Campus, 2251 E. Navajo Blvd., Holbrook, AZ, telephone (928) 524-7341 or (800) 266-7845 Ext. 7341, at least 24 hours in advance of the meeting. If any disabled person needs any type of accommodation, please notify Terrie Shevat at the above address or telephone number at least 24 hours prior to the scheduled start time.

The Board may vote to hold an executive session for discussion or consideration of a personnel matter(s) pursuant to A.R.S. §38-431.03(A)(1). The Board may vote to hold an executive session for the purpose of obtaining legal advice from the District's attorney on any matter listed on the agenda pursuant to A.R.S. §38-431.03 (A)(3). Should the District's attorney not be present in person, notice is further given that the attorney may appear by speakerphone.

I, Paul Hempsey, certify that this notice of public meeting, prepared pursuant to A.R.S. § 38-431.02, was posted on or before the 15th day of January 2018, at 10:00 a.m.

Paul Hempsey
Recording Secretary to the Board

NOTICE DISTRIBUTION

1. WHITE MOUNTAIN INDEPENDENT NEWSPAPER
2. TRIBUNE-NEWS & SNOWFLAKE HERALD NEWSPAPERS
3. NAVAJO TIMES
4. NAVAJO-HOPI OBSERVER
5. KINO RADIO
6. KNNB RADIO
7. COUNTRY MOUNTAIN AIRWAVES [KQAZ/KTHQ/KNKI RADIO]
8. KWKM RADIO
9. WHITE MOUNTAIN RADIO
10. NPC WEB SITE
11. NPC ADMINISTRATORS AND STAFF
12. NPC FACULTY ASSOCIATION PRESIDENT
13. NPC CLASSIFIED AND ADMINISTRATIVE SUPPORT ORGANIZATION PRESIDENT
14. NPC STUDENT GOVERNMENT ASSOCIATION PRESIDENT

OUR MISSION

Northland Pioneer College
provides, supports
and promotes
lifelong learning.



Northland Pioneer College

Post Office Box 610 • Holbrook, AZ 86025 • (928) 524-7311 • Fax (928) 524-7312 • www.npc.edu

PUBLIC NOTICE OF NONDISCRIMINATION: Northland Pioneer College does not discriminate on the basis of race, color, national origin, veteran status, religion, marital status, gender, age or disability in admission or access to, or treatment or employment in its educational programs or activities. District grievance procedures will be followed for compliance with Title IX and Section 504 requirements. The Affirmative Action Compliance Officer is the Director of Human Resources, 2251 E. Navajo Blvd., Holbrook, Arizona 86025, (800) 266-7845. The Section 504 Compliance Officer is the Coordinator of Disability Resource and Access, 1001 W. Deuce of Clubs, Show Low, Arizona 85901, (800) 266-7845. The lack of English language skills will not be a barrier to admission and participation in vocational education programs. Revised 9-12-14

Governing Board Meeting Agenda

Painted Desert Campus, Tipton Community Center
2251 East Navajo Boulevard, Holbrook, Arizona

Date: January 16, 2018

Time: 10:00 a.m. (MST)

Item	Description	Resource
1.	Call to Order and Pledge of Allegiance	Chair Lucero
2.	Adoption of the Agenda.....(Action)	Chair Lucero
3.	Election of Board Officers and Appoint AADGB Representative.....(Action)	Chair Lucero
4.	Call for Public Comment	Chair
	<small>Individuals may address the Board on any relevant issue for up to 5 minutes. At the close of the call to the public, Board members may not respond to any comments but may respond to criticism, ask staff to review a matter or ask that a matter be placed on a future agenda.</small>	
5.	Reports:	
A.	Financial Position	CBO Ellison
B.	NPC Friends and Family	Director Wilson
C.	NPC Faculty Association.....	Pat Lopez
D.	Human Resources	Written Report
E.	CASO	Written Report
F.	NPC Student Government Association.....	No Report
6.	Consent Agenda.....(Action)	Chair
A.	December 19, 2017 Regular Board Minutes;	
B.	December 19, 2017 Work Session Minutes	
C.	Policies 1300 through 1595	
7.	Old Business:	
A.	Presidential Search:	
	Update.....	COO Foutz
8.	New Business:	
A.	Review and Accept Financial and Single Year Audits.....(Action)	CBO Ellison
B.	Federal Compliance	Director Raisor
C.	Request to Approve Hearing Officers.....(Action)	President Swarthout
D.	Request to Approve Renewal of VMWare Annual Contract.....(Action)	CIO Way
E.	Request to Approve Purchase of Cisco Telepresence Solution .(Action)	CIO Way
F.	Request to Approve Purchase of Cisco Meeting Server	CIO Way
G.	Request for Board Member Interest and Travel Budget for 2018 HLC Annual Conference	President Swarthout
9.	Standing Business:	
A.	Strategic Planning and Accreditation Steering Committee Report	Vice President Vest
B.	President's Report.....	President Swarthout
C.	DGB Agenda Items and Informational Needs for Next Meeting.....	Chair
10.	Board Report/Summary of Current Events	Board Members
11.	Announcement of Next Regular Meeting February 20, 2018	Chair
12.	Adjournment.....(Action)	Chair

Download [complete packet](#) for this meeting • 183 pages • 14.3 MB

The District Governing Board may consider any item on this agenda in any order and at any time during the meeting. The District Governing Board may take action to approve, or may take other action, regarding all items of New Business, Old Business, Standing Business, or the President's Report. The Board may vote to hold an executive session for the purpose of obtaining legal advice from the District's attorney on any matter listed on the agenda pursuant to A.R.S. §38-431.03 (A)(3). Should the District's attorney not be present in person, notice is further given that the attorney may appear by speakerphone.



Northland Pioneer College

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District Governing Board Work Session Agenda

Painted Desert Campus, Tiponi Community Center
2251 East Navajo Boulevard, Holbrook, Arizona
Tuesday, January 16th, 2017 at 1:00 p.m.

1. Interview Questions for Candidates

NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT

Statement of Financial Position

July 1, 2017 to November 30, 2017

Budget Period Expired

42%

Tax Supported Funds				
General Unrestricted				
	Current Month			
	Budget	Actual	Y-T-D Actual	%
REVENUES				
Primary Tax Levy	14,834,954	3,476,329	7,903,787	53%
State Aid:				
Maintenance and Operations	1,649,000	-	824,500	50%
Equalization	6,672,100	-	3,336,050	50%
Tuition and Fees	4,800,000	720,520	1,991,445	41%
Investment earnings	140,000	31,650	187,555	134%
Grants and Contracts	1,500,000	1,683	2,708	0%
Other Miscellaneous	200,000	(65,876)	116,304	58%
Fund Balance	400,000			
Transfers	(2,900,000)	(232,072)	(1,743,801)	60%
TOTAL REVENUES	\$ 27,296,054	\$ 3,932,234	\$ 12,618,548	46%
EXPENDITURES				
Salaries and Wages	17,964,196	1,384,665	6,408,755	36%
Operating Expenditures	9,331,858	536,289	2,755,964	30%
Capital Expenditures				
TOTAL EXPENDITURES	\$ 27,296,054	\$ 1,920,954	\$ 9,164,719	34%
Unrestricted Plant				
	Current Month			
	Budget	Actual	Y-T-D Actual	%
REVENUES				
State Aid:				
Capital/STEM	369,100	-	184,550	50%
Other Miscellaneous				
Fund Balance	3,000,000		-	0%
Transfers	2,000,000	232,072	1,384,613	69%
TOTAL REVENUES	\$ 5,369,100	\$ 232,072	\$ 1,569,163	29%
EXPENDITURES				
Salaries and Wages				
Operating Expenditures				
Capital Expenditures	5,369,100	232,072	1,569,163	29%
TOTAL EXPENDITURES	\$ 5,369,100	\$ 232,072	\$ 1,569,163	29%

NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
 Statement of Financial Position
 July 1, 2017 to November 30, 2017

Budget Period Expired 42%

Restricted and Auxiliary Funds

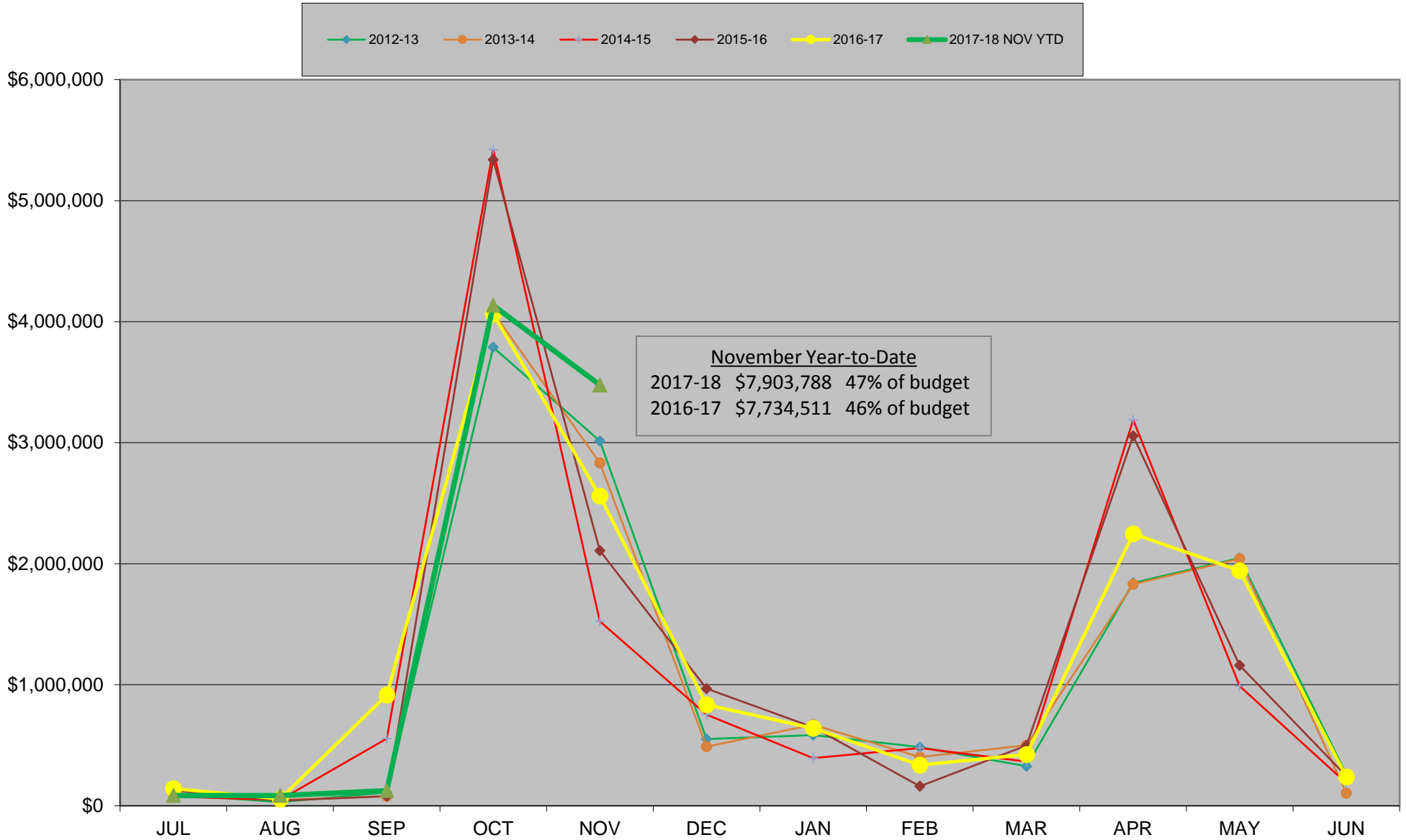
	Restricted			
	Budget	Current Month Actual	Y-T-D Actual	%
REVENUES				
Grants and Contracts	6,000,000	119,827	1,100,538	18%
Fund Balance	-			
Transfers	600,000		300,000	50%
TOTAL REVENUES	\$ 6,600,000	\$ 119,827	\$ 1,400,538	21%
EXPENDITURES				
Salaries and Wages	917,965	103,112	457,029	50%
Operating Expenditures	5,682,035	63,649	1,259,933	22%
Capital Expenditures				
TOTAL EXPENDITURES	\$ 6,600,000	\$ 166,761	\$ 1,716,962	26%

	Auxiliary			
	Budget	Current Month Actual	Y-T-D Actual	%
REVENUES				
Sales and Services	350,000	100,130	163,476	47%
Fund Balance	-			
Transfers	300,000	-	59,188	20%
TOTAL REVENUES	\$ 650,000	\$ 100,130	\$ 222,664	34%
EXPENDITURES				
Salaries and Wages	297,580	24,580	113,174	38%
Operating Expenditures	352,420	5,329	39,270	11%
Capital Expenditures				
TOTAL EXPENDITURES	\$ 650,000	\$ 29,909	\$ 152,444	23%

Cash Flows

Cash flows from all activities (YTD)	\$15,810,913
Cash used for all activities (YTD)	\$12,603,288
Net Cash for all activities (YTD)	\$3,207,625

Monthly Primary Property Tax Receipts



OPEN POSITIONS

- 1. Administrative Systems Analyst – Open until filled. 11 applicants.**
- 2. Faculty in Computer Information Systems – Open until filled – First review October 16, 2017. 8 applicants.**
- 3. Jr. Network & Systems Administrator-Open until filled. 18 applicants.**
- 4. Systems Support Technician – Open until filled. 11 applicants.**
- 5. Faculty in English-SCC – Closes March 1, 2018. 32 applicants.**
- 6. Faculty in English-LCC-Grant Funded- 20 applicants.**
- 7. Director of Public Safety Education – Closes March 1, 2018. 3 applicants.**
- 8. Faculty in Business-SCC- Closes March 1, 2018. 13 applicants.**
- 9. Faculty in Mathematics-SCC-Closes January 31, 2018. 11 applicants.**

CLOSED: IN REVIEW

- 1. Database Administrator – Closed October 20, 2017. 33 applicants.**
- 2. Coordinator of Administrative Systems and Projects – Closed October 20, 2017. 4 applicants.**
- 3. Faculty in Clinical Nursing – Closed December 18, 2017. 2 applicants.**
- 4. Financial Aid Specialist – Closed December 10, 2017. 7 applicants.**

FILLED

- 1. Faculty in Mathematics (5 month position) – Edward Fritz started January 8, 2018. Mr. Fritz previously worked as an adjunct faculty since 1988.**
- 2. Support Center Operator – Kimberly Terry started January 4, 2018.**
- 3. Faculty in Mechatronics – Kevin Westfall starts July 30, 2018.**

CASO Report January 2018

Thanks to the generosity of NPC employees, CASO collected donations valued at approximately \$1,000 for our community non-food drive. Each campus and center location received a well-filled box with a diverse mixture of household products to be distributed to a charity of their choice.

The annual non-food drive fulfills CASO's objective "to be involved in our communities by providing community service."

Ina Sommers
CASO President

Navajo County Community College District Governing Board Meeting Minutes

December 19, 2017 – 10:00 a.m.
Painted Desert Campus, Tiponi Community Center
2251 East Navajo Boulevard, Holbrook, Arizona

Governing Board Member Present: Mr. Frank Lucero; Mr. James Matteson; Mr. Daniel Peaches; Mr. Derrick Leslie; Mr. George Joe.

Governing Board Member Present by Phone:

Governing Board Member Absent:

Staff Present: President Jeanne Swarhout; Vice President Mark Vest; Chief Operations Officer (COO) Jason Foutz; Chief Information Officer (CIO) PJ Way; Chief Business Officer (CBO) Maderia Ellison; Recording Secretary to the Board Terrie Shevat.

Others Present: Kim Reed; Everett Robinson; Ann Hess; Peggy Belknap; Pat Lopez; Olivia Jaquez; Amber Hill, Christine Roediger; Rickey Jackson; Cuitlahuac Aguilar; Diana Hutchison; Betsy Wilson; Josh Rogers; Jeremy Raisor.

Agenda Item 1: Call to Order and Pledge of Allegiance

Chair Lucero called the meeting to order at 10:00 a.m. and led the Pledge of Allegiance.

Agenda Item 2: Adoption of Agenda

Mr. Matteson moved to adopt the agenda as presented. Mr. Peaches seconded the motion. The vote was unanimous in the affirmative.

Agenda Item 3: Call for Public Comment

None.

Agenda Item 4: Reports

4.A. Financial Position – CBO Ellison

CBO Ellison addressed the Board and reviewed the Financial Position report noting that property tax revenue is slightly below prior years as the county continues to process tax payments.

Mr. Matteson asked if, to her knowledge, the county is doing anything to resolve their staffing issues. CBO Ellison responded that she is not aware.

4.B. NPC Friends and Family – Director Wilson

Director Wilson addressed the Board and provided an update on ongoing Friends and Family activities. Director Wilson announced that a generous donation of \$50,000 was made to the Pres Winslow Memorial Scholarship fund by the Smart Family Foundation in California. She also noted the donated Charlene Laughing Navajo Rug recently sold at auction for \$6,000. Director

Wilson mentioned the Val 153 Memorial Scholarship, established in memory of Valeree Reidhead Claude who passed away while on duty, was recently awarded to an active Concho firefighter.

4.C. Faculty Association

Pat Lopez addressed the Board and discussed current activities within the Faculty Association noting that faculty members are involved in committee work and discussed her own involvement on Instructional Council (IC) with curriculum work and academic policy. Pat Lopez noted that IC and its Academic Standards Subcommittee reviewed how students are placed and revised the placement process by implementing the use of a high school grade-point average (GPA) for students less than five years out of high school instead of using a standardized test. Pat Lopez stated an Academic Probation Policy was implemented this semester for students whose GPA falls below a 2.0 on any given semester. Pat Lopez also discussed the guided pathways initiative brought about twelve years ago to help students who are overwhelmed by choice and struggle with completion.

Mr. Matteson asked if the college involves or provides an opportunity for people in the industry to contribute to the process. Pat Lopez stated yes, but less so in the areas of Arts and Sciences and more so in Nursing and Career & Technical Education (CTE). Mark Vest followed up by stating on the CTE and Nursing side, industry involvement occurs on the front end of the curriculum process and not towards the end of the process, which is when IC reviews it. Mark added the college has industry advisory boards for every program and noted that Carl Perkins compliance, areas with external accreditation available, and best practices are several reasons NPC involves industry.

Mr. Leslie asked if the Academic Probation Policy is currently in effect or if it will go out soon. Pat Lopez stated it will go out soon. Josh Rogers mentioned it will go into effect next fall for all students and noted NPC does currently have academic probation for Financial Aid students.

Mr. Leslie asked if a degree audit program is offered in regards to the guided pathways initiative. Pat Lopez responded that this does exist and further explained the process.

4.D. Human Resources

Written report.

Christine “Chris” Roediger addressed the Board and introduced herself as the new Director of Human Resources noting she comes with 20 years of Human Resources experience.

Mr. Joe asked if her HR experience has been with education. Chris Roediger stated her experience has been with education and with the private sector.

4.E. NPC CASO

No report.

4.F. NPC Student Government Association

Student Government Association (SGA) President Cuitlahuac “Cuity” Aguilar addressed the Board and discussed current activities within the NPC Student Government Association noting events planned for the spring semester include the 10th annual Talent Contest, university road trips, and Eagle Fest at the White Mountain Campus. He also mentioned SGA awarded laptop scholarships to nine deserving NPC students.

Agenda Item 5: Consent Agenda

- A. November 21, 2017 Regular Board Meeting Minutes
- B. Policy 1138: Technology Resources

Mr. Matteson made a motion to approve the consent agenda as presented. Mr. Peaches seconded. The vote was unanimous in the affirmative.

Agenda Item 6: Old Business

6.A. Presidential Search

COO Foutz provided an update of activity regarding the Presidential Search process noting interviews for seven semi-finalists will take place January 11 and 12 using the TALON system.

President Swarthout asked COO Foutz for the dates of the finalist interviews and noted the Board will need to be involved. COO Foutz responded interviews for finalists are slated from January 29 to February 2.

Agenda Item 7: New Business

7.A. Request to Approve Budget Assumptions and Guidelines

CBO Ellison reviewed the request to approve the Budget Assumptions and Guidelines noting that nothing had changed since the Board saw them in November, with the exception of benefits. The Arizona State Retirement System (ASRS) established rates are increasing from 11.5% to 11.8% along with a small increase on the Alternate Contribution Rate (ACR) side.

Mr. Matteson asked why a fidelity mannequin cost \$5,000. Vice President Vest explained these are programmable mannequins that simulate various healthcare scenarios for student learning in a hospital environment.

Mr. Matteson made a motion to approve the Budget Assumptions and Guidelines as presented. Mr. Peaches seconded. The vote was unanimous in the affirmative.

7.B. Request to Approve the Employee Benefit Trust Agreement

COO Foutz reviewed the request to approve the Employee Benefit Trust Agreement with the Board, noting that the request included his appointment as Trustee representing the college.

Mr. Matteson made a motion to approve the Employee Benefit Trust Agreement and the appointment of COO Foutz as Trustee representing the college as presented. Mr. Peaches seconded. The vote was unanimous in the affirmative.

7.C. 2017 Student Marketing Survey

Director Hess addressed the Board and reviewed the results of the 2017 Student Marketing Survey noting that out of 687 students surveyed, 92 percent own a smartphone, 91 percent have a plan with unlimited texting, and 74 percent have access to the internet from their home or through their cell phone. Director Hess noted 56 percent of students prefer to receive non-emergency information about NPC through text messaging followed by 36 percent through student email. Director Hess also mentioned four social media sites students use the most are Facebook, YouTube, Snapchat, and Instagram.

Mr. Lucero asked if students were asked how often they check their personal email accounts. Director Hess stated she did not ask students about their personal email.

Mr. Joe asked how the 687 student sampling was selected. Director Hess explained the survey was distributed to students electronically with a goal to receive at least 100 survey results from each campus and 50 survey results from each center location. Mr. Joe asked if the data received was aggregated by center. Director Hess stated the data was not broken down by center for each question; however, she could prepare a report showing this information.

Mr. Leslie asked what texting program does NPC use to communicate with students. Director Hess responded the college uses a program called Textedly.

7.D. Cost of Operations - NATC

CBO Ellison reviewed the cost of operations at the Northeastern Arizona Training Center stating NATC operations, law enforcement, and fire science are the associated cost for NATC activities.

7.E. Information Services Procedures

CIO Way addressed the Board and reviewed the Information Services Procedures stating that these were the first of many that would be introduced and a direct result of the latest Attorney General's Office audit.

Mr. Matteson asked if these processes and procedures respond to the issues raised by the audit. CIO Way responded yes, noting the procedures will help to respond to certain areas of the audit. CBO Ellison clarified these procedures are coming up late in the process, so there is a potential the findings NPC receives for FY 2016-2017 may remain for the next year.

Agenda Item 8: Standing Business

8.A. Strategic Planning and Accreditation Steering Committee (SPASC) Report

Vice President Vest reported on recent activities within the committee noting the college can expect a visit from a ten-year accreditation review team on November 18 and 19, 2019. Vice

President Vest also mentioned that rough drafts were completed for all five criterion assurance argument responses along with a rough draft of a response to the federal compliance.

Mr. Matteson asked if an institution has ever failed. Vice President Vest responded yes, and mentioned that he could prepare a short presentation to the Board on where schools fail.

8.B. President's Report

President Swarthout addressed the Board and stated the college will lock down the assurance argument by October 21 followed by submission to the Higher Learning Commission (HLC) peer reviewer team.

President Swarthout asked the Board to consider attending the All-AZ Academic Team Award Luncheon and Ceremony on March 1, noting formal invitations will be sent out to Board members. President Swarthout asked the Board to confirm their attendance by early February.

President Swarthout discussed a Joint Three-College Board session previously held by Mohave Community College, Coconino Community College, and NPC with legislatures from all three districts and the chair of higher education for both Senate and House. President Swarthout asked the Board if there was Board interest to hold another Joint Three-College Board session in the spring. Board members confirmed their interest to attend.

8.C. Agenda Items/Informational Needs for Future Meetings

None.

Agenda Item 9: Board Report/Summary of Current Event

Mr. Matteson commented on the purchase of a new city hall building in the Town of Pinetop Lakeside.

Agenda Item 10: Announcement of Next Regular Meeting: Regular District Governing Board meeting on Tuesday, January 16, 2018 at 10 am.

Agenda Item 11: Adjournment

The meeting was adjourned at 12:07 p.m. upon a motion by Mr. Joe, a second by Mr. Matteson, and a unanimous affirmative vote.

Respectfully submitted,



Terrie Shevat
Recording Secretary to the Board

Navajo County Community College District Governing Board Meeting Minutes

December 19, 2017 – 9:15 a.m.
Painted Desert Campus, Tiponi Community Center
2251 East Navajo Boulevard, Holbrook, Arizona

Governing Board Member Present: Mr. Frank Lucero; Mr. James Matteson; Mr. Daniel Peaches; Mr. Derrick Leslie; Mr. George Joe.

Governing Board Member Present by Phone:

Governing Board Member Absent:

Staff Present: President Jeanne Swarthout; Vice President Mark Vest; Chief Operations Officer (COO) Jason Foutz; Chief Information Officer (CIO) PJ Way; Chief Business Officer (CBO) Maderia Ellison; Recording Secretary to the Board Terrie Shevat.

Others Present: Kim Reed; Everett Robinson; Ann Hess; Diana Hutchison; Rickey Jackson; Peggy Belknap; Cuitlahuac Aguilar; Josh Rogers.

Agenda Item 1: Board Self-Evaluation

Board members conducted a self-evaluation on their effectiveness with powers and duties of the Governing Board utilizing the evaluation instrument specified in Board Policy.

Strengths discussed include support of Native American issues and needs, and diversity of the Board. Specific areas of improvement discussed include broad educational improvement, understanding new programs and growth, more lead time before Board meetings, and additional training for new members on programs and processes.

President Swarthout stated the college is in the process of adding regular standing items to the Board agenda to include briefings on program review and assessment of student learning.

President Swarthout suggested the college provide annual Integrated Postsecondary Education Data System (IPEDS) and Higher Learning Commission (HLC) updates to the Board for review. She stated the Board will be reviewing an early draft of the Assurance Argument for HLC and noted links for additional Federal Compliance reports will be accessible.

Respectfully submitted,



Terrie Shevat
Recording Secretary to the Board

Policy 1300 Acquisition of Facilities

The President is authorized to develop procedures for recommendation of facilities acquisition to the Board. (Reviewed 01/16/18)

Policy 1305 Lease of Facilities

In addition to the existing facilities, the college will lease or jointly use facilities from other agencies and businesses when necessary and feasible. The President, or designee, will negotiate lease amounts on an individual basis. (Reviewed 01/16/18)

Policy 1310 Use of Facilities

The President, or designee, is authorized to permit the use of college facilities according to adopted procedures. (Reviewed 01/16/18)

Policy 1315 Outside Use of Facilities

Each institution, organization, group, or individual desiring to rent or use facilities of the college will provide a Certificate of Insurance with minimum liability limits of one million dollars. This Certificate of Insurance will be provided to the college before the use of the facilities desired. (Revised 01/16/18)

Policy 1316 Building Leases

The Board will approve all sales and annual leases of college-owned buildings. The Board will also approve all annual leases that commit the college to fifty (50) thousand dollars or more. (Reviewed 01/16/18)

Policy 1330 Tobacco Free Environment

The District prohibits use of tobacco and e-cigarette products in all college owned or leased facilities and all college vehicles. This policy applies to all employees, students, and visitors while utilizing college buildings, facilities, and vehicles. (Revised 01/16/18)

Policy 1340 Solicitation at College Facilities

The President, or designee, is responsible for the establishment of procedures for authorizing soliciting, advertising, and posting notices at all college facilities. (Reviewed 01/16/18)

Policy 1345 Possession of Deadly Weapons

The college prohibits all deadly weapons such as firearms, knives (other than pocket), ammunition, explosives or other such deadly weapons, on college grounds or in facilities that are owned or leased by the college. The only exception would be those items carried by AZPOST Certified law enforcement officers, Federal Officers, or used in college sanctioned training programs. The Associate Vice President – Chief Operations Officer is responsible for enforcement of this policy. Any college employee is authorized to request compliance with this policy and/or contact the appropriate law enforcement agency to evict such individual who does not voluntarily follow compliance with this policy. The President, or designee, shall be responsible for the adoption and implementation of procedures regarding the possession of deadly weapons. (Revised 01/16/18)

Policy 1350 Campus Security and Crime Reporting

Under the provisions of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act, 20 USC §1092, the President or designee shall establish a plan for crime awareness and campus security. This shall include an annual security report available to the public. (Reviewed 01/16/18)

Policy 1400 Student Loan Fund - Deleted

Policy 1402 Student Admissions and Financial Aid

The President, or designee, is authorized to establish procedures for student admissions and financial aid, regardless of religion, sex, creed, national origin, race, age, and disability, consistent with Federal and State laws prohibiting discrimination in employment, and provision of education services. (Revised 01/16/18)

Policy 1406 Approval of Programs, Degrees, and Certificates

The Board will approve all new programs, degrees, and certificates offered by the College.
(Revised 01/16/18)

Policy 1410 High School Student Enrollment

The President, or designee, is authorized to develop procedures authorizing the enrollment of high school students. (Reviewed 01/16/18)

Policy 1411 Admission of Pre-High School Age Students

The President, or designee, is authorized to develop procedures to admit below high school age students. (Reviewed 01/16/18)

Policy 1425 Deferred Payment of Educational Costs

The Board authorizes the President, or designee, to allow students to defer payment of educational costs. (Reviewed 01/16/18)

Policy 1430 Student Grievance

The Board authorizes the President, or designee, to provide for a student grievance procedure. (Reviewed 01/16/18)

Policy 1435 Student Appeal of Grades

The Board authorizes the President, or designee, to develop and implement procedures regulating the student appeal of grades. (Reviewed 01/16/18)

Policy 1440 Student Conduct

The Board authorizes the President, or designee, to establish procedures for the establishment, implementation, and enforcement of a student code of conduct. (Reviewed 01/16/18)

Policy 1445 Student Government, Clubs, Organizations, and Co-Curricular Activities

The President, or designee, shall provide for co-curricular activities, the establishment of student clubs and organizations, and for the administration of such activities. (Reviewed 01/16/18)

Policy 1457 Intercollegiate Athletics Organizations - Deleted

Policy 1465 Student Liability Insurance

The President, or designee, will designate the programs and activities for which students are required to obtain specified professional liability insurance at their expense. (Reviewed 01/16/18)

Policy 1470 Student Record Confidentiality

The President, or designee, shall establish procedures for the protection of confidential student records and the release of information thereon. Procedures shall be in full compliance with the Family Educational Rights and Privacy Act of 1974, as amended. (Reviewed 01/16/18)

Policy 1500 Employee Evaluations

The President is responsible for the development of procedures for the annual evaluation of all college employees. (Reviewed 01/16/18)

Policy 1510 Selection of Staff

The President has the responsibility of filling budgeted positions and bringing the names to the next Board Meeting. See also Policy 1210. (Revised 01/16/18)

Policy 1521 Job Descriptions

The President, or designee, is authorized to prepare a job description for each employee or each group of employees. (Reviewed 01/16/18)

Policy 1524 Contracts and Agreements for Employment

The President, or designee, is authorized to provide written agreements for employment and for the establishment of procedures for payment. All agreements for employment will specify salaries, wages, and other certain terms and conditions of employment. (Revised 01/16/18)

Policy 1525 Pay Periods and Compensations

The President, or designee, is authorized to establish procedures for pay periods, issuance of paychecks, issuance of employment agreements, and professional development compensation. (Revised 01/16/18)

Policy 1526 Policies as Conditions of Employment

The Board policies and their designated procedures will be deemed incorporated into each agreement of employment, executed on behalf of the college, as terms and conditions of employment. Violation of any of these policies will be sufficient cause for disciplinary action, as outlined in associated college procedures. The Board reserves the right to modify, add, or eliminate any policy whenever it appears practicable or appropriate. The provisions of the District Policy and Procedure Manual are applicable to all persons on the effective date of the change. (Revised 01/16/18)

Policy 1527 Work Week and Flex Time

Hours and Compensation

The regular workweek for full-time employees is a forty (40) hours.

(Revised 01/16/18)

Policy 1535 Whistle-Blower Policy

No adverse personnel action will be taken against any Northland Pioneer College employee in reprisal for the disclosure of information on a matter of public concern to a public body, as defined in A.R.S. §38-531(4).

(Revised 01/16/18)

Policy 1536 Deleted

Policy 1537 (Deleted 9/21/04)

Policy 1538 Employee Record Confidentiality

The President, or designee, is authorized to establish procedures for the confidentiality of employee records and the release of information. (Reviewed 01/16/18)

Policy 1539 (Deleted 9/21/04)

Policy 1540 Affirmative Action

The President is responsible for the establishment of procedures whereby the college shall insure equal employment opportunity within all areas of the college, and equal opportunity in the educational services of the college. These procedures shall be in consonance with State and Federal regulations and guidelines. (Reviewed 01/16/18)

Policy 1541 Harassment

The President, or designee, is responsible for the establishment and implementation of procedures to address harassment issues and complaints. (Reviewed 01/16/18)

Policy 1542 Reimbursement of Interview Expenses

The college may reimburse candidates for expenses related to interviews in an amount to be established by the President, in accordance with A.R.S. §15-1406. (Reviewed 01/16/18)

Policy 1543 Deleted

Policy 1545 Nepotism

Members of the same family (spouse, siblings, or parents, and children) or immediate household members may be employed by the college except under the following circumstances:

1. When one member of a family would be responsible for institutional decisions involving possible direct benefit (including initial appointment, retention, promotion, salary, leave of absence, etc.) to another member of the same family; or
2. When one member of a family would be responsible for supervising, evaluating, or auditing the work of another member of the same family.

When circumstances or relationships conflict or threaten the best interests of the college, the President may make transfers and/or reassignments as needed. (Revised 01/16/18)

Policy 1549 Official Holidays

The official College Academic Calendar shall be approved by the Board. (Reviewed 01/16/18)

Policy 1550 Leave of Absence

The Board authorizes the President, or designee, to grant leave according to established procedure. (Reviewed 01/16/18)

Policy 1555 Outside Employment

It shall not be in violation of the policies of the college for full-time employees to be employed by entities other than the college; providing the outside employment shall not interfere with the employment duties of the individual at the college as determined by the employee's supervisor. In no case shall the outside employment interfere with the ability of the college employee to satisfactorily fulfill his/her duties and responsibilities at the college. (Reviewed 01/16/18)

Policy 1556 Employee Attendance Obligations

The President, or designee, is authorized to establish procedures for employee attendance obligations. (Reviewed 01/16/18)

Policy 1560 Drug-Free Workplace

It is the intent and policy of the college to maintain a drug-free and alcohol-free working environment for its employees and students.

1. Employees are expected and required to report to work on time and in appropriate mental and physical condition for work. It is the college's intent and obligation to provide a drug-free and alcohol-free, healthful, safe, and secure work environment.
2. The college prohibits the unlawful manufacture, distribution, dispensing, possession, or use of controlled substances and alcohol on college premises, while conducting college business, or at any time which would interfere with the effective conduct of the employee's work for the college.
3. The college recognizes drug and/or alcohol dependency as illnesses and major health problems. The college also recognizes drug and alcohol abuses as potential health, safety and security problems. Employees needing help in dealing with such problems are encouraged to seek help, either through their own resources or by requesting help or referral through the sources designated in the procedure based on this policy. Conscientious efforts to seek help will not jeopardize any employee's job.
4. Employees must, as a condition of employment, abide by the terms of this policy and report any convictions under a criminal drug statute for violation occurring on or off college premises while conducting college business. A report of a conviction must be made within five (5) days after the conviction as mandated by the Drug-Free Workplace Act of 1988. (Reviewed 01/16/18)

Policy 1561 Communicable Diseases

The Board authorizes the President, or designee, to develop and implement procedures for the prevention of the spread of communicable diseases within the college. (Reviewed 01/16/18)

Policy 1562 Political Activity

An employee shall not engage in any political activity while acting as an agent of the college.

An employee shall not use the authority of his or her position to influence or attempt to influence the vote or political activity of any subordinate employee or any person who is a student being instructed by the employee. (Reviewed 01/16/18)

Policy 1570 Family and Medical Leave Act [FMLA]

The President, or designee, shall develop procedures for implementing the provisions of the Family and Medical Leave Act of 1993. (Reviewed 01/16/18)

Policy 1575 Sabbatical Leave

The President, or designee, is authorized to develop procedures for sabbatical leave. (Reviewed 01/16/18)

Policy 1580 Retirement of College Employees

The President, or designee, is authorized to establish procedures and guidelines for retirement and for emeritus and meritorious service recognition. (Reviewed 01/16/18)

Policy 1581 Early Retirement - Deleted

Policy 1591 Due Process

The President shall provide for the establishment of due process procedures for enforcement of ordinances, rules, and regulations pertaining to governance of the college. Whenever the President is procedurally removed from the process, the Board shall be the final review and decision authority. (Reviewed 01/16/18)

Policy 1595 Separation from Employment

The President, or designee, is authorized to develop procedures for separation from employment with the college. (Reviewed 01/16/18)

REQUEST TO ACCEPT THE FINANCIAL AUDIT AND SINGLE AUDIT REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Recommendation:

Staff recommends acceptance of the Financial Audit and Single Audit Report for the fiscal year ended June 30, 2017.

Summary:

NPC's audits are conducted by the Office of the Auditor General. The Office of the Auditor General will:

- introduce its audit staff,
- provide an overview of their responsibilities and the audit process,
- review NPC's audit process and results, and
- review the Governance Letter associated with the audit.

NPC issues two separate reports related to its audits, those reports were distributed electronically to the District Governing Board in November 2017 by the Office of the Auditor General. Published copies of the Comprehensive Annual Financial Report (CAFR) and the Single Audit Report will also be made available to the current District Governing Board (Board) at the January 2018 meeting. The audit opinions for both reports were "unmodified", which is positive.

NPC's Audit Reports include:

1. CAFR
 - a. focuses on the financial audit
 - b. four findings were identified related to weak internal controls over IT resources
2. Single Audit Report
 - a. focuses on compliance with federal financial awards
 - b. no findings were identified

NPC has already started to develop or modify policies and procedures to address internal controls over IT resources.

The 2017 audit was completed ahead of the submission deadline established by the US Department of Education of March 31, 2018. The audit has been submitted to the US Department of Education.

The CAFR and the Single Audit Report have also been distributed to the Audit Committee.

The audited financial statements for the Northeast Arizona Training Center (NATC) and the NPC Friends and Family are incorporated into the CAFR; both entities received a “clean” audit and were reviewed with the Board in October 2017.

There are many people from various departments who worked on the audit and the related reports and all deserve special thanks. Thanks to the Business Office, IS, Financial Aid, HR, Records & Registration, Marketing, the Instruction Division and the President.

College staff also acknowledges the contribution of the Office of the Auditor General. They play an important role in the audit. They continue to provide timely and professional work and we appreciate the working relationship we have with all members of the Auditor General’s staff. Thank you.

Navajo County Community College District (Northland Pioneer College)

CONCLUSION: Navajo County Community College District is responsible for preparing its annual financial report and a federal expenditure schedule, maintaining effective internal controls, and being accountable for its use of public monies. Our Office is responsible for auditing the District's financial statements, schedule, and major federal programs annually. A summary of the District's financial statements and federal expenditure schedule is presented below.

Based on our audits, we issued opinions on the District's financial statements and federal expenditure schedule and issued reports on internal control and on compliance over financial reporting and major federal programs. The information in the District's fiscal year 2017 financial statements and schedule is reliable. Our Office identified internal control weaknesses over financial reporting. These findings are summarized on the next page.

Condensed financial information

Statement of net position—This statement reports all of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Net position is reported in three major categories:

- **Net investment in capital assets**—shows the equity in property, buildings, and equipment.
- **Restricted**—shows the resources that must be used for restricted purposes as specified by donors and other external entities, such as the federal government.
- **Unrestricted**—shows the remaining net position balance after allocating the net investment in capital assets and restricted balances.

Statement of revenues, expenses, and changes in net position—This statement reports all revenues, expenses, and other changes in net position. The increase or decrease in net position indicates whether financial health has improved or deteriorated because of current-year activities. Net position increased by \$4.7 million, or 7 percent, in fiscal year 2017.

Federal expenditure schedule—During fiscal year 2017, the District expended approximately \$3.6 million in federal awards, which consisted primarily of student financial assistance. The District's federal award expenditures decreased by \$1 million, or 23 percent, compared to fiscal year 2016.

Statement of net position
 As of June 30, 2017 (In thousands)

Assets and deferred outflows	
Current and other assets	\$56,651
Capital assets, net of depreciation	39,150
Deferred outflows of resources	3,927
Total assets and deferred outflows	99,728
Liabilities and deferred inflows	
Current liabilities	2,214
Noncurrent liabilities:	
Net pension liability	20,935
Other	96
Deferred inflows of resources	3,266
Total liabilities and deferred inflows	26,511
Net position	
Net investment in capital assets	39,150
Restricted	253
Unrestricted	33,814
Total net position	\$73,217

Statement of revenues, expenses, and changes in net position
 Year ended June 30, 2017 (In thousands)

Revenues	
Tuition and fees, net of scholarship allowances	\$ 2,388
Property taxes	14,384
State appropriations	8,041
Government grants and contracts	6,610
Other revenues	1,560
Total revenues	32,983
Expenses	
Instruction and academic support	10,680
Institutional support and operation and maintenance of plant	10,475
Scholarships and student services	4,295
Other expenses	2,786
Total expenses	28,236
Increase in net position	4,747
Net position—beginning	68,470
Net position—ending	\$73,217

Federal expenditure schedule
 Year ended June 30, 2017 (In thousands)

Federal grantor agency	
Department of Education	\$ 3,444
Small Business Administration	121
National Science Foundation	17
Total federal expenditures	\$ 3,582

Understanding the District's financial report

Understanding how to extract information from the District's financial report is important when reviewing financial performance and evaluating future financial decisions. As described below, our Office's financial report user guide and internal control and compliance reports user guide, available at azauditor.gov under reports and publications, help users identify and understand important and useful information in the District's financial report and in our reports on internal control and compliance over financial reporting and federal programs. Specifically:

- **Financial report user guide**—describes key financial information contained in district financial reports and indicates where to find this information. Key components in a financial report include the independent auditors' report, management's discussion and analysis, financial statements, notes to financial statements, and other required supplementary information.
- **Internal control and compliance reports user guide**—describes our internal control and compliance reports over financial reporting and federal programs. Those reports, which are included in our single audit report, provide information about whether the District has effective internal control procedures and whether it has complied with certain financial- and federal-related laws and regulations.

Summary of audit findings and recommendations

For the financial statement audit, we found internal control weaknesses over the District's financial reporting related to its information technology (IT) resources. For the federal compliance audit, we tested two federal programs under the major program guidelines established by the Single Audit Act and reported no weaknesses in internal control or instances of noncompliance over federal programs. Our single audit report includes a schedule of findings and questioned costs that contains further details to help the District correct the internal control weaknesses summarized below.

District should improve controls over its IT resources—The District's IT resources, which include its systems, network, infrastructure, and data, are vital to its daily operations. However, the District did not have adequate policies and procedures over its IT resources to effectively identify, analyze, and respond to risks and protect sensitive information; sufficiently manage access, including preventing, detecting, and responding to unauthorized or inappropriate access or use, manipulation, damage, or loss; and ensure IT resources are configured securely.

Recommendations

To help identify, analyze, and respond to risks that may impact its IT resources and protect sensitive information; prevent, detect, and respond to unauthorized or inappropriate access or use, manipulation, damage, or loss to its IT resources; and ensure IT resources are configured securely, the District needs to update and implement policies and procedures over its IT resources to ensure they address the following:

- **Risk-assessment process**—The risk-assessment process should include the identification of risk scenarios, including the scenario's likelihood and magnitude; documentation and dissemination of results; review by appropriate personnel; and prioritization of risks identified for remediation.
- **Sensitive information**—Security measures should be developed to identify, classify, and inventory sensitive information and protect it.
- **User access**—A periodic, comprehensive review should be performed of all existing employee accounts to help ensure that network access granted is needed and compatible with their job responsibilities.
- **Configuration management**—IT resources should be configured appropriately and securely and configuration settings should be maintained for all systems.
- **Applying patches**—Vendor patches to IT resources should be evaluated, tested, and applied in a timely manner.
- **IT standards and best practices**—IT policies and procedures should be reviewed against current IT standards and best practices, updated where needed, and implemented entity-wide, as appropriate.



Comprehensive Annual Financial Report

Year Ended June 30, 2017



Northland Pioneer College

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Navajo County Community College District

Holbrook, AZ

Comprehensive Annual Financial Report
Year Ended June 30, 2017

Navajo County Community College District
 (Northland Pioneer College)
 Comprehensive Annual Financial Report
 June 30, 2017

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Navajo County Community College District
 (Northland Pioneer College)
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Introductory Section



Northland Pioneer College
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NORTHLAND PIONEER COLLEGE

Office of the President

November 9, 2017

During my 10 years as President of Northland Pioneer College, I have been fortunate to work with a Governing Board and internal financial professionals in support of conservative fiscal policies. This Comprehensive Annual Financial Report (CAFR) affirms how NPC's conservative expenditure policies have allowed us to build up a reserve that will allow us to continue to provide services to our students at current levels despite looming substantial property tax revenue cuts.

The taxpayers of Navajo County provide approximately 44 percent of Northland Pioneer College's revenue. Through this CAFR, our fourth, we demonstrate proper management of those public funds through transparent financial reporting for the past decade.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded our previous three CAFRs with Certificates of Achievement for Excellence in Financial Reporting, the highest form of recognition in the area of governmental accounting and financial reporting. This represents a significant accomplishment by a governmental agency and its management. I believe this year's report continues to meet those high standards of excellence.

We take our fiduciary responsibilities as seriously as we take our mission — to provide, support and promote lifelong learning — to the residents of Navajo County, who look to NPC as the primary means to improve their lives and communities. Many of our students are the first in their families to attend college, reflecting local high school and NPC's ongoing efforts to keep more students in school. Navajo County's dropout rate remains nearly 2 points above the statewide average of 3.5 percent, but has declined from a high of 9.7 percent.

One of the ways NPC is reaching out to rural high school students is through Project **TALON** (Technology to Advance Learning Outcomes at Northland), a Title III, Part A Native American Serving Non-Tribal Institution grant from the U.S. Department of Education. NPC professors utilize high-definition, technology-connected classrooms to teach advanced Mathematics, College Composition, Spanish and American Government courses, with students earning dual credits — applying toward their high school diploma and college degree. All of the course credits are guaranteed to transfer to any Arizona community college or public university. By the end of the grant, 16 high schools will be participating, boosting the percentage of county residents with at least some college experience or an associate degree.

Technology is a critical component of NPC's decentralized instructional delivery system, allowing students in Kayenta and Whiteriver, nearly 200 miles apart, and seven other locations, to participate in the same course. Those costs appear under Administration expenses — giving the impression NPC is very top heavy on administrators, when, in reality, NPC has one of the smallest administrative staffs of the state's 10 community college districts.

Navajo County Community College District

Mailing Address: P.O. Box 610, Holbrook, AZ 86025-0610

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NORTHLAND PIONEER COLLEGE

Office of the President

As I prepare to turn over the reins to a new President, I know NPC's pioneering spirit will overcome these challenges. For the benefit of our students, I know NPC will always remain our communities' choice in preparing workers for their new careers.

Sincerely,

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

Navajo County Community College District
Mailing Address: P.O. Box 610, Holbrook, AZ 86025-0610
Voice: 928-524-7418 or 800-266-7845, ext. 7418 • Fax: 928-524-7419 • Email: jeanne.swarthout@npc.edu

November 9, 2017

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, 2017.

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, 2017 and issued an unmodified opinion, indicating they believe the financial statements were fairly presented. See Independent Auditors' Report at page 13.

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

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

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

REPORTING ENTITY

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

INSTITUTIONAL PROFILE

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

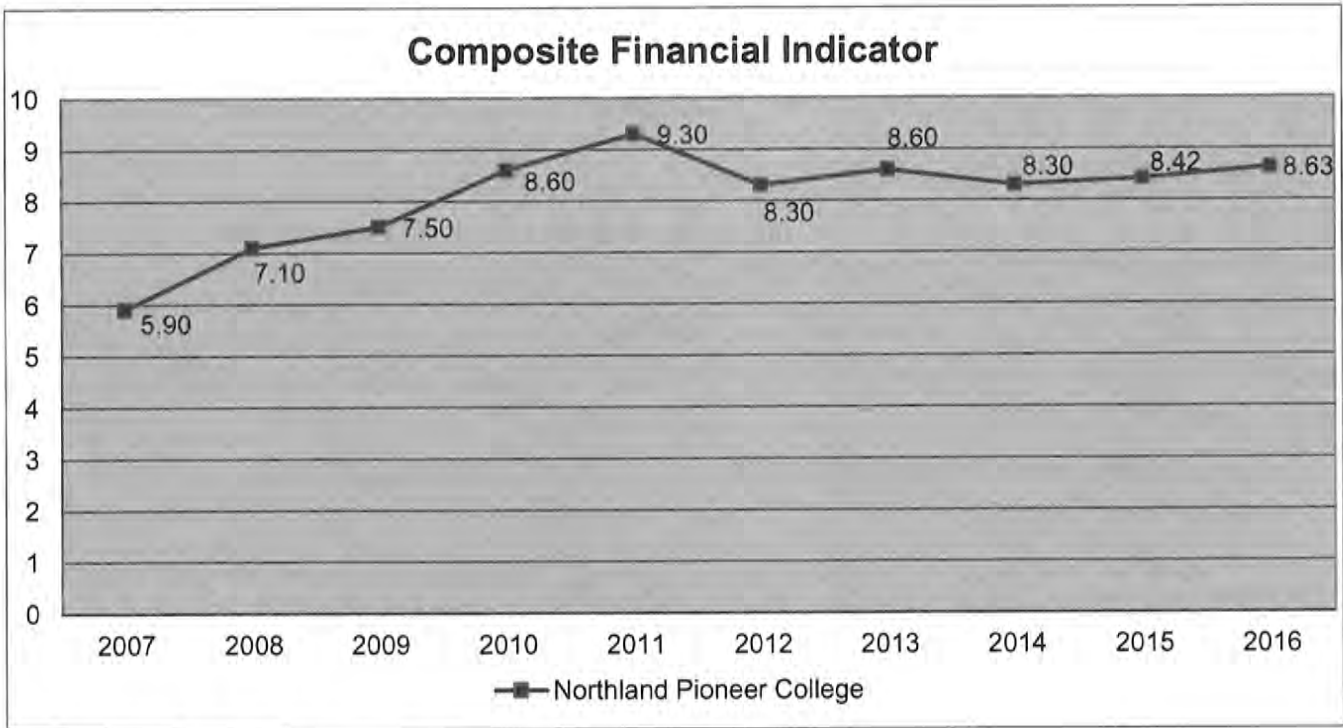
As a political subdivision of the State of Arizona, the District is subject to the oversight of its Governing Board which is comprised of five elected members representing each of the five districts of Navajo County. These members are elected for six-year terms on a staggered basis. The District's Governing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

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

Campuses are located within four of the largest Navajo County communities of Holbrook, Show Low, Snowflake/Taylor and Winslow. Five center locations 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 2007 to 2016 was greater than 5.0 and for the last nine years has been greater than 7.0. In 2015, the HLC requested the CFI be calculated with and without the new accounting and financial reporting guidelines for pensions adopted in 2015. The HLC recognized it would have a significant impact to the financials and related indicators. The District's 2016 CFI including pensions was 8.03 and excluding pensions was 8.63. The chart below indicates the CFI excluding pensions for 2016.



ECONOMIC OUTLOOK

Navajo and Apache Counties continue to struggle economically; however, according to the Bureau of Labor Statistics, Arizona's unemployment rate for August 2017 was 5% which is lower than it was a year ago for the same period when it was 5.8% and is still higher than the nation's unemployment rate of 4% for August 2017. In Navajo County, the unemployment rate is at 6.8% for August 2017 and Apache County is still in the double digits at 10.4%. In the next year, a negative impact to the unemployment rate is expected in Navajo County due to the impending closure of one of the generating stations at the Cholla Power Plant, a coal-fired power plant. See the Management Discussion and Analysis section for the impact to the District.

A new challenge for the District is that annual student enrollment using full time student equivalents has decreased. When comparing Fall 2016 to Fall 2015, the District had an enrollment decrease of 10% and comparing Spring 2017 to Spring 2016 there was an enrollment decrease of 3%. According to the National Student Clearinghouse Research Center enrollment decreased 2.6% Fall 2016 and Spring 2017 2.5% for 2-year public institutions.

MAJOR INITIATIVES

Scholarships and Tuition Waivers – The District began offering the following plans in fiscal year 2015 to assist students with tuition. These initiatives are based on the need to remove student barriers to success and the District will continue to offer these scholarships and tuition waivers to support student success:

- The Finish Line scholarship waives tuition costs for up to 12 credits to assist students in completing an associate degree. The District awarded 130 scholarships or \$55,000 in 2016 and 149 students in 2017 with awards totaling \$66,401, a 21% increase.
- The College Bound scholarship allowed qualified high school students to take up to seven general education credits per semester tuition free, allowing students to get a head start in pursuing a degree. The District awarded 275 scholarships or \$64,000 in 2016 and 378 students this fiscal year totaling \$82,018, a 28% increase of participation.

- A tuition discount of 50 percent was established to eliminate barriers so more students could participate in the Adult Basic Education program. The focus is on preparing students for future employment and further education beyond attaining a high school equivalency diploma. Tuition reduction of Career & College Preparation courses totaled \$96,000 in fiscal year 2016 and \$89,921 for fiscal year 2017 for a 6% decrease.

Student Success Initiative – The District is progressing with its Quality initiative to increase student persistence, retention and completion, known as Proactive Advising for Student Success (PASS). Part of this effort was to purchase software that includes an early alert and retention system that initiates and supports improved communications between students, faculty, staff and advisors to aid in early and ongoing student success alerts. The District has purchased and implemented the Starfish Early Alert and Connect software solution and are in their second semester of full implementation. Each semester the district experiences increases in both faculty and student usage rates. The district is also in the process of gathering data so that the system can be evaluated to see if it is increasing student success rates. In Spring 2017, 99 students accessed their Starfish account and in Fall 2017, 335 students have accessed their accounts. As we continue to work with faculty to help them understand the purpose of, and how to use, Starfish these numbers will continue to grow.

Strategic Plan – The District's redesigned strategic plan with a focus on simplicity focuses on two priorities: improve student success by identifying and removing barriers and enhance user experience with technology, and in the process, improve internal and external communications. The two priorities are supported by operational plans that specify activities, resources needed, timelines, and targeted outcomes desired. The strategic plan guides the college as it prioritizes and accomplishes the identified initiatives and manages limited resources.

Emergency Planning – The District continues to keep safety at the forefront for students, faculty, and staff. During the last two years the District has taken many steps to help students, faculty and staff be better prepared. During the fiscal year, employees participated in multiple emergency preparedness training exercises.

Policy and Procedure Revisions – The District has focused on reviewing and revising policies and procedures including capital assets, purchasing, travel, attendance and professional development. Several new areas have been developed including District Governing Board travel, volunteers and grant applications. The District is now in its third year of aggressively reviewing the policies and procedures that govern the institution's practices.

FINANCIAL INFORMATION

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

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

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

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

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

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

Cash Management – The District is governed by the Arizona Revised Statutes relating to overall investment of idle public funds. The fiduciary responsibility for such investments is entrusted to the District Governing Board and facilitated through the 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 Policies – The District adopted the *Cash Reserve Policy* and the *Future Capital Reserve Policy* in prior years and they had a significant impact on current financials. The *Cash Reserve Policy* recognizes the importance of maintaining adequate reserves in order to ensure financial and operational stability and requires the College to maintain unallocated cash levels equal to at least six (6) months of budgeted expenses. The *Future Capital Reserve Policy* recognizes the importance of maintaining adequate reserves to ensure future capital financial resources and to reduce the cost of capital acquisitions. These policies result in more than \$30 million set aside for financial stability of the District annually.

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

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

INDEPENDENT AUDIT

The District is audited by Office of the Auditor General for the State of Arizona. The audit determines if the financial statements are free of material misstatements and ensures compliance with the Arizona Revised Statutes that require an annual audit of the District's financial statements. The Independent Auditors' Report is included in the financial section of this CAFR. The District received an unmodified opinion for the fiscal year ended June 30, 2017.

The District's component units, NPC Friends and Family and NATC, are audited by a local CPA. Both component units received unmodified opinions for the fiscal year ended June 30, 2017.

GFOA CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Navajo County Community College District for its comprehensive annual financial report for the fiscal year ended June 30, 2016. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal regulations.

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

ACKNOWLEDGEMENTS

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

Respectfully submitted,

Maderia J. Ellison
Associate Vice President/Chief Business Officer

Amber L. Hill
Controller



Government Finance Officers Association

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

Presented to

**Navajo County
Community College District
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

PRINCIPAL OFFICERS

As of June 30, 2017

DISTRICT GOVERNING BOARD

Mr. Daniel Peaches, District 1

Mr. George Joe, District 2

Mr. Frank Lucero, District 3

Mr. James Matteson, District 4

Mr. Derrick Leslie, District 5

EXECUTIVE TEAM

Dr. Jeanne Swarthout, President

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

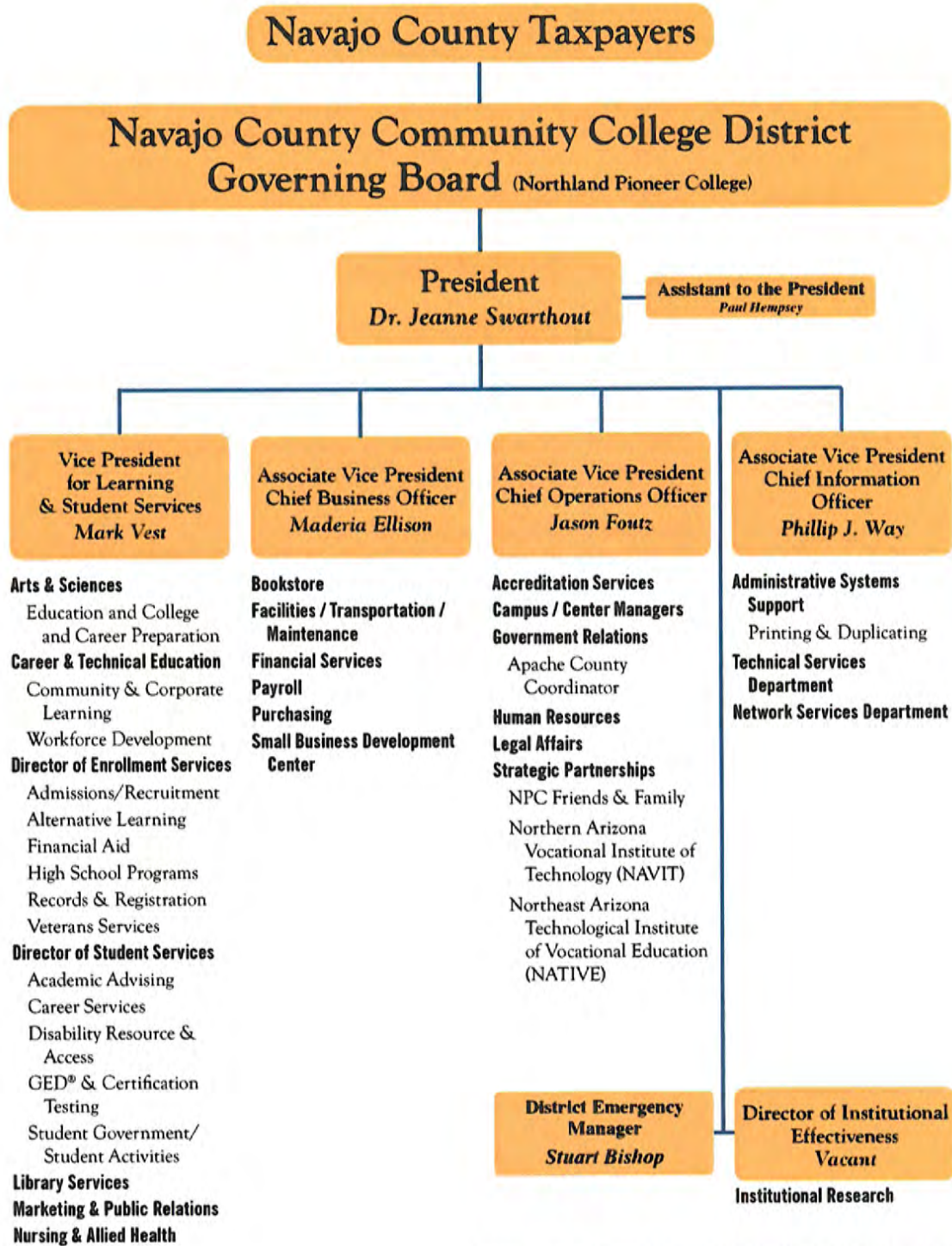
Ms. Maderia J. Ellison, Associate Vice President, Chief Business Officer

Mr. Jason Foutz, Associate Vice President, Chief Operations Officer

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

ORGANIZATION CHART

JUNE 30, 2017



Marketing/Institutional/Administration/Organizational Charts/OrgCharts-Aug 2017 - Revised August 2, 2017

MISSION

Northland Pioneer College provides, supports and promotes lifelong learning.

OUR SHARED VISION

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

OUR SHARED VALUES

NPC upholds the following Values

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

Financial Section



Northland Pioneer College
EXPANDING MINDS • TRANSFORMING LIVESSM



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 Navajo County Community College District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and aggregate discretely presented component units of Navajo County Community College District as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other matters

Required supplementary information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 15 through 22, schedule of District's proportionate share of the net pension liability on page 50, and schedule of District's pension contributions on page 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

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

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

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2017, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Debbie Davenport
Auditor General

Navajo County Community College District
(Northland Pioneer College)
Management's Discussion and Analysis
Year Ended June 30, 2017

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, 2017. 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, 2017. It shows the various assets owned or controlled, deferred outflows of resources, related liabilities and other obligations, deferred inflow of resources and the various categories of net position. Net position is an accounting concept defined as total assets plus deferred outflows of resources, less total liabilities and deferred inflows of resources, and as such, represent institutional equity or ownership in the District's total assets.

The *Statement of Revenues, Expenses, and Changes in Net Position* reflects the results of operations and other changes for the year ended June 30, 2017. 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, 2017. 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

Navajo County Community College District
(Northland Pioneer College)
Management's Discussion and Analysis
Year Ended June 30, 2017

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 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, 2017 and June 30, 2016:

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

	<u>2017</u>	<u>2016</u>	<u>% Change</u>
Assets:			
Current assets	\$55,739,150	\$51,511,975	8%
Noncurrent assets, other than capital assets	911,784	337,140	170%
Capital assets, net	<u>39,149,873</u>	<u>39,757,021</u>	-2%
Total assets	<u>95,800,807</u>	<u>91,606,136</u>	5%
Deferred Outflow of Resources:			
Deferred outflows related to pensions	<u>3,927,126</u>	<u>2,333,839</u>	68%
Liabilities:			
Other liabilities	2,214,532	2,377,397	-7%
Long-term liabilities	<u>21,030,904</u>	<u>21,278,159</u>	-1%
Total liabilities	<u>23,245,436</u>	<u>23,655,556</u>	-2%
Deferred Inflow of Resources			
Deferred inflows related to pensions	<u>3,265,538</u>	<u>1,814,921</u>	80%
Net Position:			
Net investment in capital assets	39,149,874	39,736,346	-1%
Restricted	253,180	251,756	1%
Unrestricted	<u>33,813,905</u>	<u>28,481,396</u>	19%
Total net position	<u>\$73,216,959</u>	<u>\$68,469,498</u>	7%

Navajo County Community College District
(Northland Pioneer College)
Management's Discussion and Analysis
Year Ended June 30, 2017

Total assets increased \$4.2 million, or 5 percent, concentrated in current assets of \$4.2 million or 8 percent due to the District's policy to preserve and maintain adequate operational and capital cash reserves. Cash and investments made up \$4.8 million of the current assets increase. Current Student Account Receivable dropped \$.5 million, or 58 percent due to a shift of accounts migrating into non-current. Total noncurrent assets, other than capital assets increased significantly with 170 percent or \$.6 million increase due to a large shift in student accounts receivable from current to non-current. Capital equipment additions included purchases for the TALON grant for outreach to ten high school districts, Information Services technology and CTE equipment for \$.5 million and was offset with \$.2 million, 9 percent of additional accumulated depreciation.

Deferred outflows related to pensions increased by 68 percent or \$1.6 million due to a \$2.2 million increase in projected and actual earnings of pension investment, offset by amortization of prior year deferrals.

Total liabilities decreased \$.4 million or 2 percent. Current Liabilities account for less than \$.2 million decrease primarily due to a \$.2 million, or 21% decrease in accounts payable. Non-current liabilities decreased \$.2 million primarily due to a decrease in net pension liability.

Deferred inflows increased by 80 percent or \$1.5 million due to changes in assumptions, differences between projected and actual earnings on pension plan investments, and differences between expected and actual experience and changes in proportion and differences between district contributions and proportionate share of contributions.

Total net position increased \$4.7 million or 7 percent primarily in unrestricted net position which increased 19 percent. This was accomplished with a decrease in total revenues of \$.9 million or 3% offset by expenses also decreasing \$.1 million or less than 1%. The District continued to focus on cost containment in all areas of operations and continues to experience vacancies in the information services department as well as some vacancies in the instruction division resulting in lower expenses. Net investment in capital assets decreased \$.6 million or 1 percent resulting from depreciation accelerating faster than additional capital investment. The increase in net position will be added to reserves to bolster current and future financial health.

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

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

Navajo County Community College District
(Northland Pioneer College)
Management's Discussion and Analysis
Year Ended June 30, 2017

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.

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

	2017	2016	% Change
Revenues:			
Operating			
Tuition and fees, net	\$ 2,388,164	\$ 2,478,625	-4%
Government contracts	2,808,825	2,606,064	8%
Bookstore income, net	12,231	61,854	-80%
Other	412,543	330,747	25%
Total operating revenues	<u>5,621,763</u>	<u>5,477,290</u>	3%
Nonoperating			
Property taxes	14,383,804	14,430,117	0%
State appropriations	8,041,200	7,777,000	3%
Government grants	3,800,723	5,126,742	-26%
Private grants	381,230	436,779	-13%
Share of state sales taxes	474,310	427,216	11%
Investment earnings	279,951	188,535	48%
Gain on disposal of capital assets		8,484	-100%
Total nonoperating revenues	<u>27,361,218</u>	<u>28,394,873</u>	-4%
Total revenues	<u>32,982,981</u>	<u>33,872,163</u>	-3%
Expenses:			
Operating	\$28,232,323	\$28,336,687	0%
Nonoperating	3,197	3,037	-5%
Total expenses	<u>28,235,520</u>	<u>28,339,724</u>	0%
Increase in net position	4,747,461	5,532,439	-14%
Total net position, July 1	<u>68,469,498</u>	<u>62,937,059</u>	9%
Total net position, June 30	<u>\$73,216,959</u>	<u>\$68,469,498</u>	7%

Total revenues exceed total expenses by \$4.7 million. The available funds will support future capital needs by setting aside resources as outlined in the District's *Future Capital Reserve* policy.

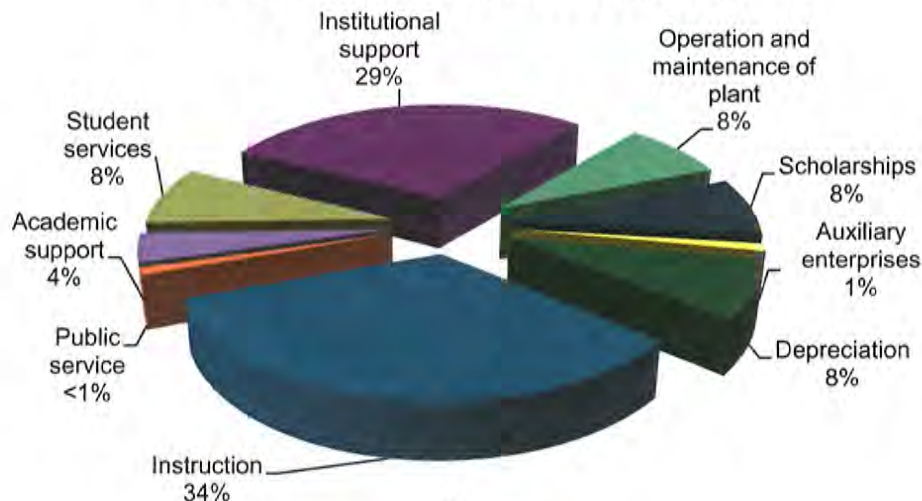
Total operating revenues increased \$.1 million, or 3 percent. Government contracts increased \$.2 million or 8 percent related primarily to a reimbursement for Apache County enrollment calculations. Tuition and fees revenue decreased \$.1 million, or 4 percent due to a decline in enrollment. Discount tuition which was offered for Adult Basic Education classes starting with Fall 2014 and for all summer classes starting with 2015 continue. The District considered these tuition waivers essential in helping to provide economic relief to students who had barriers in attending college.

Navajo County Community College District
(Northland Pioneer College)
Management's Discussion and Analysis
Year Ended June 30, 2017

Total nonoperating revenues decreased by \$1 million, or 4 percent. Property taxes remained flat over the prior fiscal year as the property tax levy was set at the maximum amount for fiscal year 2017 but was offset by a decrease in assessed valuation calculations. Property tax revenues account for 44% of total revenues. The District saw an increase in state appropriations of \$.3 million, or 3 percent, which includes operating state aid, equalization aid and Science, Technology, Engineering, and Mathematics (STEM) funding. The District's state appropriations account for 24% of total revenues. Private grants decreased by 13 percent or \$.1 million in large part due to significant programs implemented by NPC Friends and Family for scholarships shifting to direct payment to students. Government grants decreased 26 percent or \$1.3 due to the completion of multiple year program including the "Get into Energy Grant" through the department of Labor and the completion of the "EAGLE" Title III Technology Grant.

	<u>2017</u>	<u>2016</u>	<u>% Change</u>
Operating Expenses			
Educational and general:			
Instruction	\$ 9,592,910	\$10,304,514	-7%
Public service	35,657	29,904	19%
Academic support	1,087,234	1,048,291	4%
Student services	2,161,513	2,155,979	0%
Institutional support	8,204,043	7,959,606	3%
Operation and maintenance	2,270,571	1,780,832	28%
Scholarships	2,133,721	2,292,036	-7%
Auxiliary enterprises	371,401	592,749	-37%
Depreciation	<u>2,375,273</u>	<u>2,172,776</u>	9%
Total operating expenses	<u>28,232,323</u>	<u>28,336,687</u>	0%
Nonoperating Expenses			
Interest expense	1,574	3,037	-48%
Loss on disposal of asset	<u>1,623</u>		
Total nonoperating expense	<u>3,197</u>	<u>3,037</u>	5%
Total expenses	<u>\$28,235,520</u>	<u>\$28,339,724</u>	0%

2017 Operating Expenses by Category



Navajo County Community College District
(Northland Pioneer College)
Management's Discussion and Analysis
Year Ended June 30, 2017

Total expenses remained stable with just over a \$.1 million overall decrease due to cost savings and staffing vacancies.

The District continues to focus on maintaining comprehensive and quality services to the students and the needs of communities in its service area while practicing responsible stewardship. The District has enjoyed the tenure of many experienced faculty and staff over the years and is experiencing an increase in employee retirements, causing an increase in vacancies. This along with continued focus on cost containment has resulted in a decrease in Instruction expenses of \$.7 million or 7 percent.

Academic support observed an increase of 4 percent due to staffing fluctuations. Student Services also experienced a slight increase of less than 1 percent as they filled vacancies offset by an institutional support increase of 3 percent due to filling vacancies. Operations experienced an increase of \$.5 million or 28 percent due to much needed repair, maintenance and furniture investments at all 9 locations. Auxiliary Enterprises decreased a significant 37 percent or \$.2 million with expenses exceeding revenue in Corporate and Community Learning, contracted courses, and the Kids College programs. Depreciation expenses increased 9 percent over the prior fiscal year by \$.2 million.

The scholarship programs aim to help remove economic barriers to students encountering obstacles in attending college due to limitations on Pell Grant availability; decreasing family, community, and tribal resources; and rising costs for basic services and saw a decrease of 7 percent or \$.2 million as aid followed an enrollment decline.

Total net position increased by \$4.7 million or 7 percent.

Capital Assets and Debt Administration

The District has a rolling 3-year plan to manage capital needs; it sets aside a portion of its unrestricted net position to address these needs. In the upcoming year the District plans to spend \$5 million on capital assets.

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

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

Current Factors Having Probable Future Financial Significance

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

The District has historically set the property tax levy at the maximum rate allowed by statute. The District set the property tax levy at the maximum rate allowed for fiscal years 2017 and 2018. Taxpayer opposition to increases in property taxes continues to grow especially with the stagnant local economy and declining assessed values in Navajo and Apache Counties.

Navajo County Community College District
(Northland Pioneer College)
Management's Discussion and Analysis
Year Ended June 30, 2017

Navajo County's largest taxpayer, Arizona Public Service is reducing its presence in the region, thereby reducing the assessed valuation of the District by \$24.5 million and laying off plant employees. The activity resulted in a decline in property tax, industrial client portfolio and employer base for the area. The declining tax base and inevitable loss of jobs and industry present additional financial challenges to overcome.

Overall state appropriations used to support the District's operations increased by \$.3, or 3 percent for fiscal year 2017 from fiscal year 2016. The District received equalization aid of \$6.1 million in fiscal year 2017, which was an increase of 4 percent from the prior year. STEM funding, previously known as capital appropriations was funded for \$.4 million in fiscal year 2017. Overall state funding continues to waiver with no expectation of an increase and possible elimination is always on the horizon.

Each year the District completes the Annual Budget Expenditure Limitation Report (ABELR) which compares budgeted expenditures of public funds to a constitutional limit. The expenditure limit is calculated using expenditures from fiscal year 1980, which are annually adjusted by inflation and enrollment. Previously, the District reported the inflation adjustment combined with the reductions in enrollment did not allow the District to keep pace with the actual growth in expenses and that a long-term solution was needed. The District was a key participant in the study committee working with legislators, other community colleges, the Office of the Auditor General, and the Arizona Tax Research Association to review the expenditure limit and propose modifications. The outcome was Senate Bill (SB 1322), which modified the calculation of Full-Time Equivalent Student Enrollment (FTSE), for the purposes of the expenditure limit, adds additional excludable revenues such as bookstore and commercial enterprises and positively modified the definition of Career and Technical Education (CTE) and its weight in the expenditure limit calculation. The passage of this legislation provided much needed relief to Districts statewide.

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

The District is in its second award year with a Title III grant from the U.S. Department of Education for \$1.4 million over a five-year period for its Technology to Advance Learning Outcomes at Northland (TALON) proposal. This project expands the dual credit program and brings ten of the most remote high school districts together through a distance learning environment to provide higher education credits and classes to underserved populations and regions of the District.

The District also continuously evaluates its tuition and fee structure. The District is sensitive to the amount of increases it can implement based on the demographics of its service area. The District's service area covers approximately 21,158 square miles and is comprised of one of the poorest, most remote, and least populated areas in both Arizona and the United States. In-state tuition increased 3 percent, up \$2 from \$68 to \$70 per credit hour in fiscal year 2017. The District continues to offer the lowest tuition rate in the State.

Navajo County Community College District
(Northland Pioneer College)
Management's Discussion and Analysis
Year Ended June 30, 2017

Risk Management, cyber-security and liability exposure will be a focus in the upcoming fiscal year. Facilities are undergoing detailed review for safety and hazard corrections in order to secure the District's workplace and reduce liability and maximize premium savings. Cyber and personal security are in the forefront of District concerns in order to maintain and enhance employee safety and District exposure.

Evolving Fair Labor Standards Act (FLSA) regulations and the Affordable Care Act (ACA) have driven ongoing discussion in the District to modify existing personnel classifications and benefit requirements and will continue to be a topic of intense discussion and change.

Requests for Information

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

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

Navajo County Community College District
(Northland Pioneer College)
Statement of Net Position - Primary Government
June 30, 2017

	Business-Type Activities
Assets	
Current assets:	
Cash and cash equivalents	\$ 53,221,902
Receivables (net of allowances for uncollectibles):	
Accounts	1,246,978
Property taxes	475,002
Student	348,518
Inventories	10,398
Prepaid items	<u>436,352</u>
Total current assets	<u>55,739,150</u>
Noncurrent assets:	
Restricted assets:	
Cash and investments	253,180
Property taxes receivable (net of allowances of \$90,000)	23,887
Student receivable (net of allowances of \$1,248,078)	634,717
Capital assets, not being depreciated	1,518,209
Capital assets, being depreciated, net	<u>37,631,664</u>
Total noncurrent assets	<u>40,061,657</u>
 Total assets	 <u>95,800,807</u>
Deferred Outflows of Resources	
Deferred outflows related to pensions	<u>3,927,126</u>
Liabilities	
Current liabilities:	
Accounts payable	762,828
Accrued payroll and employee benefits	250,107
Unearned revenues	913,535
Current portion of compensated absences payable	<u>288,062</u>
Total current liabilities	<u>2,214,532</u>
Noncurrent liabilities:	
Compensated absences payable	96,021
Net pension liability	<u>20,934,883</u>
Total noncurrent liabilities	<u>21,030,904</u>
 Total liabilities	 <u>23,245,436</u>
Deferred Inflows of Resources	
Deferred inflows related to pensions	<u>3,265,538</u>

See accompanying notes to financial statements.

(Continued)

Navajo County Community College District
(Northland Pioneer College)
Statement of Net Position - Primary Government
June 30, 2017
(Concluded)

	Business-Type Activities
Net Position	
Net investment in capital assets	\$ 39,149,874
Restricted:	
Nonexpendable - endowments	12,414
Expendable:	
Scholarships	240,766
Unrestricted	33,813,905
Total net position	\$ 73,216,959

See accompanying notes to financial statements.

Navajo County Community College District
 (Northland Pioneer College)
 Statement of Financial Position - Component Units
 June 30, 2017

	NPC Friends & Family	Northeast Arizona Training Center, Inc.	Total
Assets			
Cash and cash equivalents	\$ 140,364	\$ 86,070	\$ 226,434
Restricted cash - savings	24,072		24,072
Investments:			
Marketable securities	230,362		230,362
Marketable securities - restricted	158,370		158,370
Real estate	8,000		8,000
Prepaid expense		12,151	12,151
Property and equipment, net of accumulated depreciation		1,973,146	1,973,146
Total assets	\$ 561,168	\$ 2,071,367	\$ 2,632,535
Net Assets			
Unrestricted	172,435	2,071,367	2,243,802
Temporarily restricted	281,572		281,572
Permanently restricted	107,161		107,161
Total net assets	561,168	2,071,367	2,632,535
 Total liabilities and net assets	 \$ 561,168	 \$ 2,071,367	 \$ 2,632,535

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, 2017

	Business-Type Activities
Operating revenues:	
Tuition and fees, net of scholarship allowances of \$2,653,325	\$ 2,388,164
Government contracts	2,808,825
Bookstore income, net of scholarship allowances of \$19,761	12,231
Other sales and services	99,965
Other	312,578
Total operating revenues	5,621,763
Operating expenses:	
Educational and general:	
Instruction	9,592,910
Public service	35,657
Academic support	1,087,234
Student services	2,161,513
Institutional support	8,204,043
Operation and maintenance of plant	2,270,571
Scholarships	2,133,721
Auxiliary enterprises	371,401
Depreciation	2,375,273
Total operating expenses	28,232,323
Operating loss	(22,610,560)
Nonoperating revenues and expenses:	
Property taxes	14,383,804
State appropriations	8,041,200
Government grants	3,800,723
Private grants	381,230
Share of state sales taxes	474,310
Investment earnings	279,951
Interest expense on debt	(1,574)
Loss on disposal of capital assets	(1,623)
Total nonoperating revenues and expenses	27,358,021
Increase in net position	4,747,461
Total net position, July 1, 2016	68,469,498
Total net position, June 30, 2017	\$ 73,216,959

See accompanying notes to financial statements.

Navajo County Community College District
(Northland Pioneer College)
Statement of Activities - Component Units
June 30, 2017

	NPC Friends & Family	Northeast Arizona Training Center, Inc.	Total
Changes in Unrestricted Net Assets			
Contributions	\$ 65,048	\$ 1,000	\$ 66,048
Memberships and usage fees		30,750	30,750
Interest income	55		55
Unrestricted Support	6,444	5,500	11,944
Total unrestricted support	<u>71,547</u>	<u>37,250</u>	<u>108,797</u>
Net assets released from restrictions	46,180		46,180
Total unrestricted revenues and support	<u>117,727</u>	<u>37,250</u>	<u>154,977</u>
Expenses:			
Program services	57,114		57,114
Support services	16,673	121,192	137,865
Total expenses	<u>73,787</u>	<u>121,192</u>	<u>194,979</u>
Increase (decrease) in unrestricted net assets	<u>43,940</u>	<u>(83,942)</u>	<u>(40,002)</u>
Changes in Temporarily Restricted Net Assets			
Contributions	3,663		3,663
Interest income	1,819		1,819
Realized gain on investment	29,034		29,034
Unrealized loss on investments	(4,295)		(4,295)
Net assets released from restrictions	(43,136)		(43,136)
Investment fees	(2,772)		(2,772)
Decrease in temporarily restricted net assets	<u>(15,687)</u>	<u>-</u>	<u>(15,687)</u>
Changes in Permanently Restricted Net Assets			
Contributions	40,494		40,494
Interest income	1,137		1,137
Realized gain on investment	16,867		16,867
Unrealized loss on investments	(1,478)		(1,478)
Net assets released from restrictions	(3,044)		(3,044)
Investment fees	(1,723)		(1,723)
Other income	3,474		3,474
Increase in permanently restricted net assets	<u>55,727</u>	<u>-</u>	<u>55,727</u>
Increase (decrease) in net assets	83,980	(83,942)	38
Net assets, beginning of year	477,188	2,155,309	2,632,497
Net assets, end of year	<u>\$ 561,168</u>	<u>\$ 2,071,367</u>	<u>\$ 2,632,535</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, 2017

	Business-Type Activities
Cash flows from operating activities:	
Tuition and fees	\$ 2,399,159
Government contracts	2,658,767
Bookstore receipts	12,231
Other receipts	412,543
Payments to suppliers and providers of goods and services	(6,803,520)
Payments for employee wages and benefits	(17,545,078)
Payments to students for scholarships and loans	(2,133,721)
Net cash used for operating activities	(20,999,619)
Cash flows from noncapital financing activities:	
Property taxes	14,400,066
State appropriations	8,041,200
Government grants	4,042,057
Private grants	381,230
Share of state sales taxes	465,337
Net cash provided by noncapital financing activities	27,329,890
Cash flows from capital and related financing activities:	
Purchase and construction of capital assets	(1,769,747)
Principal paid on capital lease	(20,676)
Interest paid on capital lease	(1,574)
Net cash used by capital and related financing activities	(1,791,997)
Cash flows from investing activities:	
Interest received on investments	279,951
Net cash provided by investing activities	279,951
Net increase in cash and cash equivalents	4,818,225
Cash and cash equivalents, July 1, 2016	48,656,857
Cash and cash equivalents, June 30, 2017	\$ 53,475,082

(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, 2017
(Concluded)

	Business-Type Activities
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (22,610,560)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	2,375,273
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Student accounts receivable	(83,020)
Prepaid items	8,597
Net pension liability	(246,902)
Accounts payable	(202,130)
Compensated absences payable	(1,410)
Unearned revenue	94,015
Accrued payroll and employee benefits	(33,018)
Accounts receivable	(150,058)
Inventories	(7,736)
Deferred inflows related to pensions	1,450,617
Deferred outflows related to pensions	(1,593,287)
Net cash used for operating activities	\$ (20,999,619)
Reconciliation of cash and cash equivalents, as presented on the Statement of Net Position:	
Cash and investments	\$ 53,221,902
Restricted assets:	
Cash and investments	253,180
Total cash and cash equivalents, June 30, 2017	\$ 53,475,082

See accompanying notes to financial statements.

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2017

Note 1 - Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

During the year ended June 30, 2017, NPC Friends & Family distributed \$24,820 to the District for both restricted and unrestricted purposes. Complete financial statements for them can be obtained from NPC Friends & Family, P.O. Box 610, Holbrook, AZ 86025-0610.

NATC is a legally separate, tax-exempt organization. It acts primarily as a certified regional training center to meet the educational and testing needs of fire and law enforcement professionals in Northeast Arizona. The enabling legislation for NATC calls for the District to exercise operating control over NATC. The voting members of NATC's Board of Directors are employees of the District and the District is able to significantly influence the programs, activities or level of services provided by NATC. Consequently,

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2017

NATC is considered a component unit of the District and is discretely presented in the District's financial statements.

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

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

B. Basis of Presentation and Accounting

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

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

A statement of revenues, expenses, and changes in net position provides information about the District's financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net position are reported, including capital contributions and additions to endowments. Operating revenues and expenses generally result from exchange transactions. Accordingly, revenues such as tuition and 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, 2017

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

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

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

C. Cash and Investments

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

D. Inventories

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

E. Capital Assets

Capital assets are reported at actual cost, or estimated historical cost if historical records are not available. Donated assets are reported at acquisition value.

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

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

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2017

F. Deferred Outflows and Inflows of Resources

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

G. Pensions

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

H. Investment Earnings

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

I. Scholarship Allowances

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

J. Compensated Absences

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

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

Navajo County Community College District
 (Northland Pioneer College)
 Notes to Financial Statements
 June 30, 2017

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

Note 2 - Deposits and Investments

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

Deposits—At June 30, 2017, the carrying amount of the District's deposits was \$2,147,546, and the bank balance was \$2,937,399. The District does not have a policy for custodial credit risk.

Investments—The District's investments at June 30, 2017 were as follows:

External investment pools measured at fair value	Amounts
State Treasurer's investment pool 5	\$ 9,119,748
County Treasurer's investment pool	<u>42,202,908</u>
Total investments measured at fair value	<u>\$51,322,656</u>

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

Credit Risk—The District does not have a formal policy for credit risk. At June 30, 2017, credit risk for the District's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
State Treasurer's investment pool 5	AAAf/S1+	Standard and Poor's	\$ 9,119,748
County Treasurer's investment pool	Unrated	Not applicable	<u>42,202,908</u>
Total			<u>\$51,322,656</u>

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2017

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, 2017, the District had the following investments in debt securities:

Investment Type	Amount	Weighted Average Maturity
State Treasurer's investment pool 5	\$ 9,119,748	1.20 months
County Treasurer's investment pool	<u>42,202,908</u>	15.45 months
Total	<u>\$51,322,656</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	\$ 4,880	Cash and cash equivalents	\$53,221,902
Amount of deposits	2,147,546	Restricted assets:	
Amount of investments	<u>51,322,656</u>	Cash and investments	<u>253,180</u>
Total	<u>\$53,475,082</u>	Total	<u>\$53,475,082</u>

Note 3 - Capital Assets

Capital asset activity for the year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 757,173			\$ 757,173
Construction in progress	<u>86,264</u>	<u>\$ 1,292,256</u>	<u>\$617,484</u>	<u>761,036</u>
Total capital assets not being depreciated	<u>843,437</u>	<u>1,292,256</u>	<u>617,484</u>	<u>1,518,209</u>
Capital assets being depreciated:				
Buildings	41,707,671	159,559		41,867,230
Equipment	6,653,700	518,597	5,431	7,166,866
Improvements other than buildings	10,113,673	360,954		10,474,627
Library books	<u>609,546</u>	<u>56,415</u>	<u>61,007</u>	<u>604,954</u>
Total capital assets being depreciated	<u>59,084,590</u>	<u>1,095,525</u>	<u>66,438</u>	<u>60,113,677</u>

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2017

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Less accumulated depreciation for:				
Buildings	\$12,821,543	\$ 1,099,668		\$13,921,211
Equipment	3,659,302	867,956	\$ 3,259	4,523,999
Improvements other than buildings	3,372,182	356,800		3,728,982
Library books	317,979	50,848	61,007	307,820
Total accumulated depreciation	<u>20,171,006</u>	<u>2,375,272</u>	<u>64,266</u>	<u>22,482,012</u>
 Total capital assets being depreciated, net	 <u>38,913,584</u>	 <u>(1,279,747)</u>	 <u>2,172</u>	 <u>37,631,665</u>
 Capital assets, net	 <u>\$39,757,021</u>	 <u>\$ 12,509</u>	 <u>\$619,656</u>	 <u>\$39,149,874</u>

Note 4 - Construction Commitments

The District completed major contractual commitments related to various capital projects at June 30, 2017, including site improvement projects at the Holbrook Maintenance shop and the White Mountain Campus located in Show Low, street and sidewalk improvements at the Little Colorado Campus located in Winslow and site improvements to a microwave tower at Whiteriver. During fiscal year 2017, the District spent \$617,484 on these projects and had no remaining contractual commitments with those contractors.

The construction in progress at July 1, 2016, was a house building project under the Career and Technical Education division Construction program. This house was completed at June 30, 2017.

As of June 30, 2017, the District had entered into a contract for remodeling projects on the Painted Desert Campus located in Holbrook and the White Mountain Campus located in Show Low, as well as a District-wide microwave tower and communication connectivity project. The balance in Construction in Progress as of June 30, 2017 was \$761,036. A liability of \$347,892 has been recorded for the completion of these contractual obligations. These projects are being financed by unrestricted net position designated by the District Governing Board for these purposes.

Note 5 - Long-Term Liabilities

The following schedule details the District's long-term liability and obligation activity for the year ended June 30, 2017:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due within 1 year
Compensated absences payable	\$ 385,493	\$ 328,926	\$ 330,336	\$ 384,083	\$288,062
Capital leases payable	20,676		20,676		
Net pension liability	21,181,785	5,352,341	5,599,243	20,934,883	
Total long-term liabilities	<u>\$21,587,954</u>	<u>\$5,681,267</u>	<u>\$5,950,255</u>	<u>\$21,318,966</u>	<u>\$288,062</u>

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2017

Note 6 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates with other Arizona community college districts and school districts in the Arizona School Risk Retention Trust, Inc. (Trust), a public entity risk pool. The Trust insures the District against liabilities arising from general liability, professional liability, property, automobile, and commercial crime risks. The coverage limit for general liability is \$10 million per occurrence with no deductible. The coverage limit for employer's liability is \$2 million with a \$500,000 deductible. The coverage limit for cyber liability is \$1 million per occurrence with a \$15 million aggregate limit shared with all Trust members with a \$5,000 deductible. The coverage limit for professional liability is \$1 million per occurrence and \$10 million aggregate limit with no deductible. Coverage limit for property insurance is based on the district's total insurable value at an estimated amount of \$58.8 million with a \$1,000 deductible per occurrence. The coverage limit for automobile liability is \$10 million with per occurrence with no deductible. The coverage limit for commercial crime is \$1.5 million per occurrence with a \$100 deductible.

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

The District also carries commercial insurance for other risks of loss, including workers' compensation, accidental death and dismemberment for students and employees, employee travel, and extended reporting for errors and omissions. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the past 3 fiscal years. There were no uninsured losses in the year ended June 30, 2017. 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.

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2017

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 \$245,819 for the year ended June 30, 2017. The operating leases have remaining non-cancelable terms of 1 to 6 years and provide renewal options.

The following future minimum payments were required under the operating leases at June 30, 2017:

Year ending June 30	
2018	\$242,388
2019	187,665
2020	75,238
2021	76,583
2022	36,365
2023	<u>37,820</u>
Total minimum lease payments	<u>\$656,059</u>

Note 8 - Pension and Other Postemployment Benefits

Plan description—District employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. ASRS is a component unit of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

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

	Retirement	
	Initial membership date:	
	Before July 1, 2011	On or after July 1, 2011
Years of service	Sum of years and age equal 80	30 years, age 55
and age required	10 years, age 62	25 years, age 60
to receive benefit	5 years, age 50*	10 years, age 62
	any years, age 65	5 years, age 50*
		any years, age 65

Navajo County Community College District
 (Northland Pioneer College)
 Notes to Financial Statements
 June 30, 2017

	Retirement	
	Initial membership date:	
	Before July 1, 2011	On or after July 1, 2011
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

* With actuarially reduced benefits.

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

Contributions—In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2017, statute required active ASRS members to contribute at the actuarially determined rate of 11.48 percent (11.34 percent for retirement and 0.14 percent for long-term disability) of the members' annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 11.48 percent (10.78 percent for retirement, 0.56 percent for health insurance premium benefit, and 0.14 percent for long-term disability) of the active members' annual covered payroll. In addition, the District was required by statute to contribute at the actuarially determined rate of 9.47 percent (9.17 percent for retirement, 0.21 percent for health insurance premium benefit, and 0.09 percent for long-term disability) of annual covered payroll of retired members who worked for the District in positions that an employee who contributes to the ASRS would typically fill. The District's contributions to the pension plan for the year ended June 30, 2017, were \$1,292,303. The District's OPEB contributions for the current and 2 preceding years, all of which were equal to the required contributions, were as follows:

Year ended June 30,	Health Benefit Supplement Fund	Long-Term Disability Fund
2017	\$65,619	\$16,405
2016	58,361	14,006
2015	70,856	14,749

Pension liability—At June 30, 2017, the District reported a liability of \$20,934,883 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability

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Notes to Financial Statements
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from an actuarial valuation as of June 30, 2015, to the measurement date of June 30, 2016. The total pension liability as of June 30, 2016, reflects a change in actuarial assumption for a decrease in loads for future potential permanent benefit increases. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The District's proportion measured as of June 30, 2016, was .1297 percent, which was a decrease of .0063 from its proportion measured as of June 30, 2015.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2017, the District recognized pension expense for ASRS of \$902,597. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 127,220	\$1,440,167
Changes of assumptions or other inputs		1,107,623
Net difference between projected and actual earnings on pension plan investments	2,268,644	
Changes in proportion and differences between district contributions and proportionate share of contributions	238,959	717,748
District contributions subsequent to the measurement date	<u>1,292,303</u>	<u> </u>
Total	<u>\$3,927,126</u>	<u>\$3,265,538</u>

The \$1,292,303 reported as deferred outflows of resources related to ASRS pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year ended June 30,	
2018	\$(1,115,488)
2019	(1,011,022)
2020	859,675
2021	636,121

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

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Actuarial valuation date	June 30, 2015
Actuarial roll forward date	June 30, 2016
Actuarial cost method	Entry age normal
Investment Rate of Return	8%
Projected salary increases	3 - 6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.75 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	58%	6.73%
Fixed income	25%	3.70%
Real estate	10%	4.25%
Multi-asset	5%	3.41%
Commodity	2%	3.84%
Total	<u>100%</u>	

Discount rate—The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the ASRS net pension liability to changes in the discount rate—The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the District's proportionate share of the net pension liability would be if it were

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 Notes to Financial Statements
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calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate:

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
District's proportionate share of the net pension liability	\$26,693,565	\$20,934,883	\$16,317,678

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

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	\$17,121,078
Contract services	1,862,246
Supplies and other services	3,627,164
Communications and utilities	1,098,569
Scholarships	2,133,721
Depreciation	2,375,273
Other	14,272
Total	<u>\$28,232,323</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, 2017.

Note 10 - Discretely Presented Component Units Disclosures

A. Summary of Significant Accounting Policies

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

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

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

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

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

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

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

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

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

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

NATC has no investments as of June 30, 2017.

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

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

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

Property Held for Sale—NPC Friends & Family receives certain assets from donors that are held for resale. Such assets are recorded at their approximate fair market values at the date of donation. Property held for sale as of June 30, 2017 is reported as real estate investments.

Date of Management's Review—Management has reviewed events subsequent to June 30, 2017, up through the financial statements report date, for NPC Friends & Family, September 30, 2017, and for NATC, September 30, 2017. Management has also reviewed events subsequent to the component units financial statement report date up through the District's financial statements report date to evaluate their effect on the fair presentation of the financial statements. As of the District's report date, there have been no events subsequent to June 30, 2017, that are required to be disclosed in order to present fairly the financial position and changes in net assets of either NPC Friends & Family or of NATC.

B. Cash

The total cash held by NPC Friends & Family and NATC at June 30, 2017, are as follows:

	NPC Friends and Family	NATC
Checking	\$ 32,637	\$86,070
Money market	107,727	
Savings	<u>24,072</u>	
	<u>\$164,436</u>	<u>\$86,070</u>
Unrestricted cash	\$140,364	\$86,070
Restricted cash	<u>24,072</u>	
	<u>\$164,436</u>	<u>\$86,070</u>

C. Fair Value Measurements

The following table represents the NPC Friends & Family fair value hierarchy for its financial assets (cash and investments) measured at fair value on a recurring basis as of June 30, 2017.

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June 30, 2017

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

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

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
Cash	\$164,436			\$164,436
Investments:				
Marketable Securities	388,732			388,732
Real Estate		-	\$8,000	8,000
Total	<u>\$553,168</u>	<u>-</u>	<u>\$8,000</u>	<u>\$561,168</u>

NATC had no fair value measurements as of June 30, 2017.

D. Investments

Investments are stated at fair market value as of June 30, 2017.

For the year ended June 30, 2017, NPC Friends & Family had investments consisting of marketable securities held with Edward Jones and real estate comprising several lots of land. The marketable securities have a fair value of \$388,732 and the real estate value was approximately \$8,000 as of June 30, 2017.

	<u>2017</u>	
	<u>Market Value</u>	<u>Cost</u>
Mutual funds	<u>\$388,732</u>	<u>\$337,624</u>
Total	<u>\$388,732</u>	<u>\$337,624</u>
Unrestricted investments		
Restricted investments	<u>\$388,732</u>	
Total	<u>\$388,732</u>	

NATC had no investments as of June 30, 2017.

Navajo County Community College District
 (Northland Pioneer College)
 Notes to Financial Statements
 June 30, 2017

E. Property and Equipment

The total property and equipment held by NATC at June 30, 2017 are as follows:

	NATC
Land	\$ 110,000
Buildings	620,740
Training facilities	<u>2,151,696</u>
	2,882,436
Less accumulated depreciation	<u>(909,290)</u>
	<u>\$1,973,146</u>

NPC Friends and Family had no property and equipment as of June 30, 2017.

F. Restrictions on Net Assets

NPC Friends & Family had temporarily restricted net assets in the amount of \$281,572 as of June 30, 2017, consisting of donated contributions and investment earnings, which are available for scholarships in future years. NPC Friends & Family had permanently restricted net assets of \$107,161 as of June 30, 2017, representing endowed scholarship funds.

NATC had no restricted net assets as of June 30, 2017.

G. Endowment Funds

As of June 30, 2017, NPC Friends and Family's endowments consisted of three funds: One fund established for the Martia A. Smith Memorial Art Scholarship, one for the Charles E. Listizky Scholarship, and one for NPC Friends and Family. The latter was established in October 2014 to assure the future viability of the organization.

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

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

The remaining portion of the donor-restricted endowment fund earnings that are not classified in permanently restricted net assets are classified as temporarily restricted net

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2017

assets, until those amounts are appropriated for expenditure by NPC Friends and Family in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, NPC Friends and Family considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) The duration and preservation of the various funds; (2) The purposes of the donor-restricted endowment funds; (3) General economic conditions; (4) The possible effect of inflation and deflation; (5) The expected total return from income and the appreciation of investments; (6) Other resources of NPC Friends and Family; and (7) NPC Friends and Family's investment policies.

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

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

As of June 30, 2017, the endowment assets were invested in marketable securities with Edward Jones. The investments were fully insured by the Securities Investor Protection Corporation (SIPC).

All endowment investments are carried at fair value and classified as non-current regardless of maturity due to restrictions limiting NPC Friends and Family's ability to use these investments. Each endowed account shall have a minimum of \$10,000, said amount to be reached within a three (3) year period from the time of initial donation, which must be at least \$5,000. If, after the three (3) year period has expired, the account has not reached the minimum level prescribed, the contributors to the fund shall have two options: (a) Award the existing amount over a designated period; or (b) authorize combining the fund with another, compatible, existing endowment fund. The three-year period may be waived if a plan has been designed with another approved time period and approved by the Board of Directors. All interest earned in developing endowed accounts shall revert to the fund corpus during the three-year period. No awards shall be made from the developing fund during the three-year period, unless the minimum balance of \$10,000 is reached prior the end of the three-year period. For June 30, 2017, no NPC Friends and Family endowment investment accounts held less than \$10,000.

The contributor to the fund may impose additional provisions for the scholarships paid from endowments. As of June 30, 2017, there were no distributions from the investment earnings on endowed scholarships. To ensure observance of limitations and restrictions placed on the use of resources available to NPC Friends and Family, net assets, revenues and expenses are classified and reported as follows, based on the existence or absence of donor-imposed restrictions.

Navajo County Community College District
 (Northland Pioneer College)
 Notes to Financial Statements
 June 30, 2017

Permanently restricted net assets include permanent endowments. Such funds are generally subject to donor restrictions requiring the principal to be invested in perpetuity for the purpose of producing income that may be expended or added to principal in accordance with the donor's wishes. As of June 30, 2017, the Martia A. Smith Memorial Art Scholarship endowment agreement requires the average rate of inflation for the prior calendar year (approximately 0.0% and 1.6%, respectively) of investment earnings to be added back to permanently restricted funds.

Temporarily restricted net assets relate to contributions designated by donors for use by particular entities or programs or for specific purposes or earnings from permanently restricted endowments, which have not been appropriated for their intended purpose. Term endowments are temporarily restricted, because they are permanent-type endowments, which include an expiration date or stated period of time or occurrence of a specified event, after which all or part of the principal may be expended.

Unrestricted net assets are not subject to donor-imposed restrictions. They also include Board Restricted endowments, of which the corpus can be invaded upon a vote by the Board. The NPC Friends and Family Endowment established October 2014, falls into this category.

Endowment funds consisted of the following as of June 30, 2017:

	Temporarily Restricted	Permanent Restricted	Total
Balance, June 30, 2016	\$256,472	\$ 92,220	\$348,692
Contributions received	3,663	40,494	44,157
Investment earnings (loss), net of fees	23,786	18,277	42,063
Net assets released	(43,136)	(3,044)	(46,180)
Balance, June 30, 2017	<u>\$240,785</u>	<u>\$147,947</u>	<u>\$388,732</u>

NATC had no endowment funds as of June 30, 2017.

H. Related Parties

For the year ended June 30, 2017, NPC Friends & Family received support from the College. The Executive Director for NPC Friends & Family is a part-time employee of the College. The value for this service is not recorded on NPC Friends & Family's financial statements.

For the year ended June 30, 2017 NATC received certain use of facilities and staff services from the College. However, since these provided facilities and services also benefit NPC's educational programs, no value for these amounts are recorded on NATC's financial statements.

Required Supplementary Information

Navajo County Community College District
(Northland Pioneer College)
Required Supplementary Information
Schedule of District's Proportionate Share of the Net Pension Liability
June 30, 2017

Arizona State Retirement System	Reporting Fiscal Year (Measurement Date)			2014 through 2008
	2017 (2016)	2016 (2015)	2015 (2014)	
District's proportion of the net pension liability	0.129700%	0.135990%	0.132141%	
District's proportionate share of the net pension liability	\$20,934,883	\$21,181,785	\$19,552,338	
District's covered payroll	\$12,224,338	\$12,601,405	\$11,937,540	Information not available
District's proportionate share of the net pension liability as a percentage of its covered payroll	171.26%	168.09%	163.79%	
Plan fiduciary net position as percentage of the total pension liability	67.06%	68.35%	69.49	

Navajo County Community College District
(Northland Pioneer College)
Required Supplementary Information
Schedule of District's Pension Contributions
June 30, 2017

Arizona State Retirement System	Reporting Fiscal Year				2013 through 2007
	2017	2016	2015	2014	
Statutorily required contribution	\$ 1,292,303	\$ 1,317,742	\$ 1,362,612	\$ 1,223,689	
District's contributions in relation to the statutorily required contribution	<u>1,292,303</u>	<u>1,317,742</u>	<u>1,362,612</u>	<u>1,223,689</u>	
District's contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	Information not available
District's covered payroll	\$12,028,742	\$12,224,338	\$12,601,405	\$11,937,540	
District's contributions as a percentage of covered payroll	10.74%	10.78%	10.81%	10.25%	

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

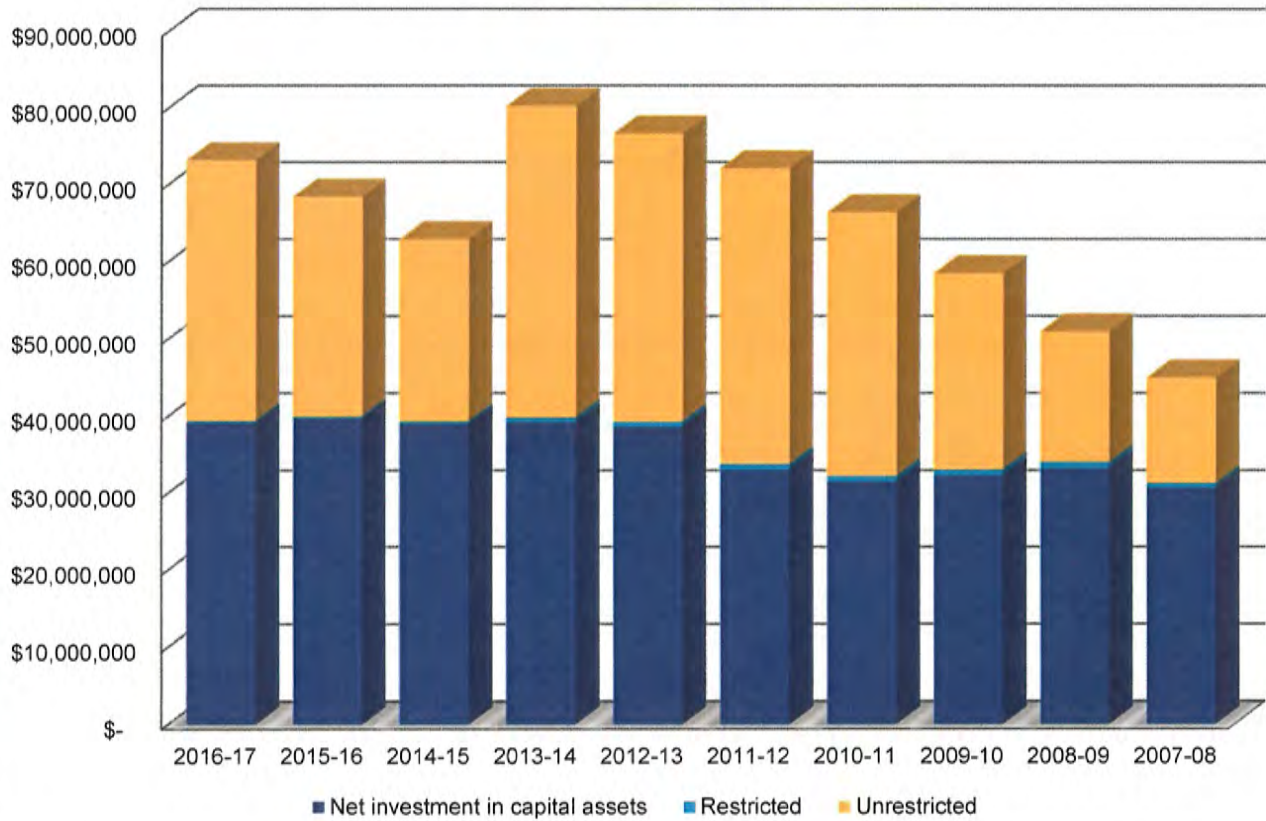
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

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

	2016-17	2015-16	2014-15	2013-14	2012-13
Primary government					
Net investment in capital assets	\$ 39,149,874	\$ 39,736,346	\$ 39,022,715	\$ 39,231,822	\$ 38,626,891
Restricted	253,180	251,756	314,958	612,712	691,628
Unrestricted	33,813,905	28,481,396	23,599,386	40,454,224	37,382,691
Total primary government net position	\$ 73,216,959	\$ 68,469,498	\$ 62,937,059	\$ 80,298,758	\$ 76,701,210

	2011-12	2010-11	2009-10	2008-09	2007-08
Primary government					
Net investment in capital assets	\$ 33,030,762	\$ 31,503,651	\$ 32,314,878	\$ 33,252,059	\$ 30,693,926
Restricted	735,512	717,570	716,192	750,289	560,887
Unrestricted	38,388,993	34,195,371	25,496,949	16,951,989	13,723,069
Total primary government net position	\$ 72,155,267	\$ 66,416,592	\$ 58,528,019	\$ 50,954,337	\$ 44,977,882

Net Position by Component



Source:
Audited financial statements.

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

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12 (1)	2010-11 (2)	2009-10	2008-09	2007-08
Operating revenues:										
Tuition and fees,										
net scholarship allowances	\$ 2,388,164	\$ 2,478,625	\$ 2,357,891	\$ 2,295,137	\$ 2,466,640	\$ 2,690,260	\$ 2,319,373	\$ 3,062,113	\$ 2,824,047	\$ 2,483,223
Government contracts (3)	2,808,825	2,606,064	3,283,218	3,156,936	2,969,273	2,638,049	2,060,376	1,868,359	2,058,901	3,032,846
Bookstore income, net of scholarship allowances	12,231	81,854	48,491	66,720	42,460	33,564	28,892	701,123	803,661	995,347
Other	412,543	330,747	334,987	352,295	379,831	291,648	369,299	297,825	247,370	172,720
Total operating revenues	5,621,763	5,477,290	6,024,587	5,871,088	5,858,204	5,653,521	4,777,940	5,929,420	5,933,979	6,684,136
Operating expenses:										
Instruction	9,592,910	10,304,514	10,927,034	9,761,727	9,660,102	8,827,606	8,450,971	9,067,801	10,565,902	10,355,967
Public service	35,857	29,904	29,159	35,889	29,387	25,647	13,128	14,178	14,126	12,562
Academic support	1,087,234	1,048,291	1,074,313	1,046,927	1,047,037	1,009,880	996,556	985,173	785,099	803,190
Student services	2,161,513	2,155,979	2,116,755	2,143,989	2,151,538	2,015,021	1,532,942	3,750,620	3,364,710	3,018,052
Institutional Support	8,204,043	7,959,606	8,719,606	8,475,611	8,308,926	8,481,782	6,681,808	7,151,218	7,814,683	7,141,298
Operation and maintenance of plant	2,270,571	1,780,832	1,941,192	2,118,547	1,867,890	1,758,007	1,563,034	1,599,258	2,037,490	2,182,091
Scholarships	2,133,721	2,292,036	2,273,228	2,240,869	2,570,647	3,094,923	3,128,320	609,337	980,151	630,161
Auxiliary enterprises	371,401	592,749	399,147	559,067	451,470	404,767	1,217,755	1,270,886	1,547,548	1,508,514
Depreciation	2,375,273	2,172,776	2,053,133	1,838,484	1,544,414	1,386,808	1,320,494	1,435,550	1,234,076	2,195,985
Total operating expenses	28,232,323	28,336,687	29,533,567	28,220,910	27,631,411	26,984,441	24,905,008	25,884,021	28,343,785	27,847,820
Operating loss	(22,610,560)	(22,859,397)	(23,508,980)	(22,349,822)	(21,773,207)	(21,330,920)	(20,127,068)	(19,954,601)	(22,409,806)	(21,163,684)
Nonoperating revenues (expenses):										
Property taxes	14,383,804	14,430,117	13,980,187	13,153,327	13,180,294	12,703,703	11,988,497	11,353,707	12,321,619	11,651,832
State appropriations	8,041,200	7,777,000	7,276,900	7,160,800	7,059,800	8,181,800	10,214,000	10,214,000	9,807,911	9,717,500
Government grants (3)	3,800,723	5,126,742	4,728,837	4,740,596	5,018,111	5,502,290	4,955,825	4,956,184	5,083,645	3,146,431
Private grants (4)	381,230	436,779	297,567	304,219	325,919	360,370	345,534	450,763	529,310	871,651
Share of state sales taxes	474,310	427,216	423,082	435,192	545,682	372,308	386,743	422,737	453,912	487,131
Investment earnings	279,951	188,535	160,532	148,526	170,717	136,283	124,907	130,891	257,027	502,903
Interest expense	(1,574)	(3,037)	(3,470)	(5,138)	-	(6,854)	(3,428)	-	(67,163)	(131,411)
Gain/(loss) on disposal of capital assets	(1,623)	8,484	41,100	(112,752)	18,627	(180,305)	3,563	-	-	(612,459)
Other	-	-	-	-	-	-	-	-	-	-
Total nonoperating revenues and expenses	27,358,021	28,391,836	26,904,735	25,824,770	26,319,150	27,069,595	28,015,641	27,528,282	28,386,261	25,633,578
Income before other revenues, expenses, gains or loss	4,747,461	5,532,439	3,395,755	3,474,948	4,545,943	5,738,675	7,888,573	7,573,682	5,976,455	4,469,894
Capital appropriations	-	-	-	122,600	-	-	-	-	-	505,600
Increase in net position	4,747,461	5,532,439	3,395,755	3,597,548	4,545,943	5,738,675	7,888,573	7,573,682	5,976,455	4,975,494
Total net position, July 1 (5)	68,469,498	62,937,059	59,541,304	76,701,210	72,155,267	66,416,592	58,528,019	50,954,337	44,977,882	40,002,388
Total net position, June 30	\$73,216,959	\$68,469,498	\$62,937,059	\$80,298,758	\$76,701,210	\$72,155,267	\$66,416,592	\$58,528,019	\$50,954,337	\$44,977,882

Source:

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

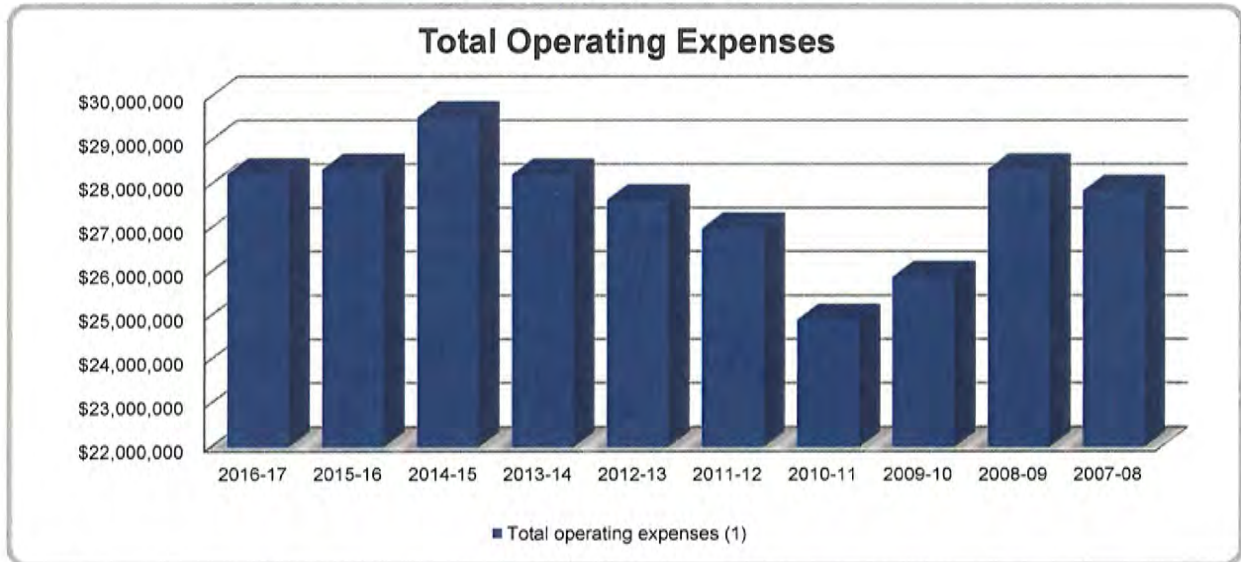
Notes:

- (1) Starting in fiscal year 2011-12, Tuition and fees, net of scholarship allowances and Government contracts were adjusted to reclassify tuition waivers associated with an intergovernment agreement as a scholarship allowance.
- (2) Starting in fiscal year 2010-11, expenses for Scholarships and Students services were adjusted to reclassify payments made to students for student financial aid and scholarships. These payments were reported as Student services in prior years.
- (3) In fiscal year 2007-08, Government grants, which were included with Government contracts, were reclassified from operating revenues to nonoperating revenues. For comparability purposes, prior years have been reclassified.
- (4) In fiscal year 2011-12, Private grants were adjusted to reclassify the amounts from operating to nonoperating revenues. For comparability purposes, prior years have been reclassified.
- (5) In fiscal year 2014-15, beginning net position was restated for implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions.

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

	2016-17	2015-16	2014-15	2013-14	2012-13
Instruction	\$ 9,592,910	\$ 10,304,514	\$ 10,927,034	\$ 9,761,727	\$ 9,660,102
Public service	35,657	29,904	29,159	35,889	29,387
Academic support	1,087,234	1,048,291	1,074,313	1,046,927	1,047,037
Student services	2,161,513	2,155,979	2,116,755	2,143,989	2,151,538
Institutional support	8,204,043	7,959,606	8,719,606	8,475,611	8,308,926
Operation and maintenance of plant	2,270,571	1,780,832	1,941,192	2,118,547	1,867,890
Scholarships	2,133,721	2,292,036	2,273,228	2,240,669	2,570,647
Auxiliary enterprises	371,401	592,749	399,147	559,067	451,470
Depreciation	2,375,273	2,172,776	2,053,133	1,838,484	1,544,414
Total operating expenses	28,232,323	28,336,687	29,533,567	28,220,910	27,631,411
Interest expense	1,574	3,037	3,470	5,138	-
Loss on disposal of capital assets	1,623	-	-	112,752	-
Other	-	-	-	-	-
Total nonoperating expenses	3,197	3,037	3,470	117,890	-
Total expenses	\$ 28,235,520	\$ 28,339,724	\$ 29,537,037	\$ 28,338,800	\$ 27,631,411

	2011-12	2010-11 (1)	2009-10	2008-09	2007-08
Instruction	\$ 8,827,606	\$ 8,450,971	\$ 9,067,801	\$ 10,565,902	\$ 10,355,967
Public service	25,647	13,128	14,178	14,126	12,562
Academic support	1,009,880	996,556	985,173	785,099	803,190
Student services	2,015,021	1,532,942	3,750,620	3,364,710	3,018,052
Institutional support	8,481,782	6,681,808	7,151,218	7,814,683	7,141,298
Operation and maintenance of plant	1,758,007	1,563,034	1,599,258	2,037,490	2,182,091
Scholarships	3,094,923	3,128,320	609,337	980,151	630,161
Auxiliary enterprises	404,767	1,217,755	1,270,886	1,547,548	1,508,514
Depreciation	1,366,808	1,320,494	1,435,550	1,234,076	2,195,985
Total operating expenses	26,984,441	24,905,008	25,884,021	28,343,785	27,847,820
Interest expense	6,854	3,428	-	67,163	131,411
Loss on disposal of capital assets	180,305	-	-	-	612,459
Other	-	-	-	-	-
Total nonoperating expenses	187,159	3,428	-	67,163	743,870
Total expenses	\$ 27,171,600	\$ 24,908,436	\$ 25,884,021	\$ 28,410,948	\$ 28,591,690



Source:
Audited financial statements.

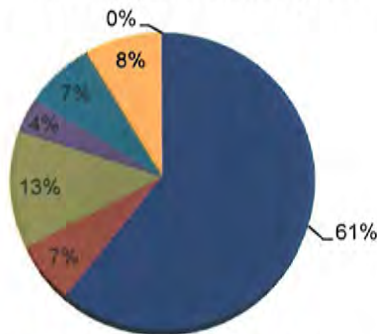
Note:
(1) Starting in fiscal year 2010-11, expenses for Scholarships and Student services were adjusted to reclassify payments made to students for student financial aid and scholarships. These payments were reported as Student services in prior years.

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

	2016-17	2015-16	2014-15	2013-14	2012-13
Compensation and benefits (1)	\$ 17,121,078	\$ 17,635,444	\$ 18,189,910	\$ 17,200,507	\$ 16,939,312
Contract services	1,862,246	2,346,731	2,109,597	2,243,436	2,138,098
Supplies and other services	3,627,164	2,703,472	3,775,418	3,550,497	3,223,900
Communications and utilities	1,098,569	1,178,132	1,146,620	1,086,284	1,191,308
Scholarships	2,133,721	2,292,036	2,273,228	2,240,669	2,570,647
Depreciation	2,375,273	2,172,776	2,053,133	1,838,484	1,544,414
Other	14,272	8,096	(14,339)	61,033	23,732
Total operating expenses	28,232,323	28,336,687	29,533,567	28,220,910	27,631,411
Non operating expenses	3,197	3,037	3,470	117,890	-
Total expenses	\$ 28,235,520	\$ 28,339,724	\$ 29,537,037	\$ 28,338,800	\$ 27,631,411

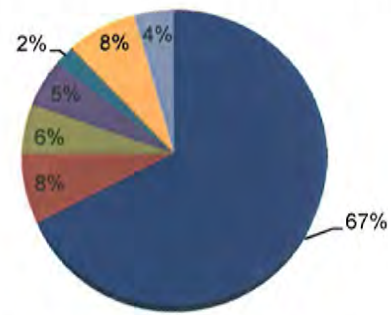
	2011-12	2010-11 (2)	2009-10	2008-09	2007-08
Compensation and benefits (1)	\$ 15,550,537	\$ 14,290,694	\$ 15,122,656	\$ 16,822,406	\$ 19,258,989
Contract services	2,680,066	1,621,476	1,729,224	2,268,681	2,197,358
Supplies and other services	3,086,612	3,289,474	5,399,355	4,960,590	1,562,855
Communications and utilities	1,183,082	1,232,953	1,399,939	1,520,225	1,530,845
Scholarships	3,094,923	3,128,320	609,337	980,151	630,161
Depreciation	1,366,808	1,320,494	1,435,550	1,234,076	2,195,985
Other	22,413	21,597	187,960	557,656	471,627
Total operating expenses	26,984,441	24,905,008	25,884,021	28,343,785	27,847,820
Non operating expenses	187,159	3,428	-	67,163	743,870
Total expenses	\$ 27,171,600	\$ 24,908,436	\$ 25,884,021	\$ 28,410,948	\$ 28,591,690

FY16-17 Expenses by Use



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

FY07-08 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).

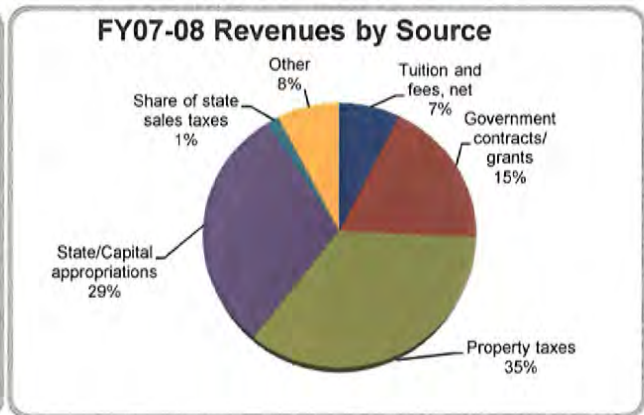
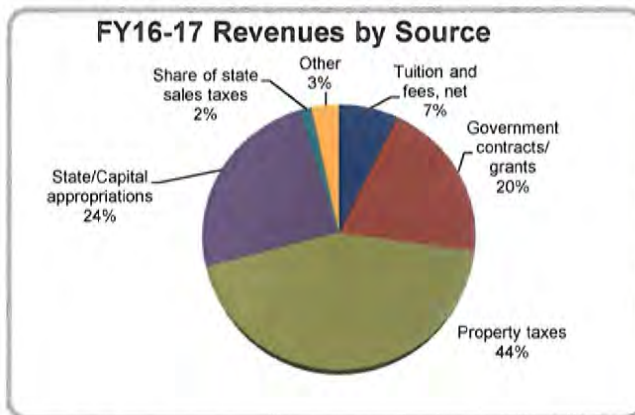
Notes:

- (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.

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

	2016-17	2015-16	2014-15	2013-14	2012-13
Tuition and fees, net	\$ 2,388,164	\$ 2,478,625	\$ 2,357,891	\$ 2,295,137	\$ 2,466,640
Government contracts (2)	2,808,825	2,606,064	3,283,218	3,156,936	2,969,273
Bookstore income, net	12,231	61,854	48,491	66,720	42,460
Other	412,543	330,747	334,987	352,295	379,831
Total operating revenue	5,621,763	5,477,290	6,024,587	5,871,088	5,858,204
Property taxes	14,383,804	14,430,117	13,980,187	13,153,327	13,180,294
State appropriations	8,041,200	7,777,000	7,276,900	7,160,800	7,059,800
Government grants (2)	3,800,723	5,126,742	4,728,837	4,740,596	5,018,111
Private grants (3)	381,230	436,779	297,567	304,219	325,919
Share of state sales taxes	474,310	427,216	423,082	435,192	545,682
Investment earnings	279,951	188,535	160,532	148,526	170,717
Gain on disposal of capital assets	-	8,484	41,100	-	18,627
Total nonoperating revenues	27,361,218	28,394,873	26,908,205	25,942,660	26,319,150
Capital appropriations	-	-	-	122,600	-
Total revenues	\$ 32,982,981	\$ 33,872,163	\$ 32,932,792	\$ 31,936,348	\$ 32,177,354

	2011-12 (1)	2010-11	2009-10	2008-09	2007-08
Tuition and fees, net	\$ 2,690,260	\$ 2,319,373	\$ 3,062,113	\$ 2,824,047	\$ 2,483,223
Government contracts (2)	2,638,049	2,060,376	1,868,359	2,058,901	3,032,846
Bookstore income, net	33,564	28,892	701,123	803,661	995,347
Other	291,648	369,299	297,825	247,370	172,720
Total operating revenue	5,653,521	4,777,940	5,929,420	5,933,979	6,684,136
Property taxes	12,703,703	11,988,497	11,353,707	12,321,619	11,651,832
State appropriations	8,181,800	10,214,000	10,214,000	9,807,911	9,717,500
Government grants (2)	5,502,290	4,955,825	4,956,184	5,083,645	3,146,431
Private grants (3)	360,370	345,534	450,763	529,310	871,651
Share of state sales taxes	372,308	386,743	422,737	453,912	487,131
Investment earnings	136,283	124,907	130,891	257,027	502,903
Gain on disposal of capital assets	-	3,563	-	-	-
Total nonoperating revenues	27,256,754	28,019,069	27,528,282	28,453,424	26,377,448
Capital appropriations	-	-	-	-	505,600
Total revenues	\$ 32,910,275	\$ 32,797,009	\$ 33,457,702	\$ 34,387,403	\$ 33,567,184



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	
2016-17	\$ 13,857,022	\$ 13,857,022	\$ -	(3)
2015-16	13,327,460	13,327,460	1,624,055	
2014-15	13,412,368	13,412,368	994,180	
2013-14	14,894,360	14,894,360	1,134,433	
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	

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 2016 is an estimate, audited numbers not yet available.

(4) The District exceeded its expenditure limitation due to the expenditure of revenues from amounts received from retail bookstore transactions in the amount of \$1,326,751. According to Laws 2006, Chapter 198, if a community college exceeds its expenditure limitation due to the expenditures of revenues from amounts received from retail transactions at bookstores operated by a community college district, the community college shall not have any state aid withheld pursuant to section 15-1466, Arizona Revised Statutes.

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

Fiscal Year	Primary Assessed Valuation			Total Assessed Value	Total Direct Tax Rate (2)	Estimated Actual Value	Assessed Value as Percentage of Actual Value
	Centrally Assessed (1)	Locally Assessed Real Property (1)	Locally Assessed Personal Property (1)				
2016-17	\$222,928,447	\$ 565,872,581	\$ 14,261,438	\$ 803,062,466	1.7884	7,320,532,963	10.97% (3)
2015-16	261,979,130	556,128,109	14,662,934	832,770,173	1.7423	7,591,341,595	10.97%
2014-15	274,277,258	553,959,727	16,781,251	845,018,236	1.6610	7,571,847,993	11.16%
2013-14	272,274,079	612,397,229	18,680,546	903,351,854	1.4769	8,029,794,258	11.25%
2012-13	270,501,880	683,203,369	20,587,141	974,292,390	1.3515	8,841,128,766	11.02%
2011-12	260,662,273	745,626,178	19,848,674	1,026,137,125	1.2387	9,354,030,310	10.97%
2010-11	234,930,409	802,594,776	21,479,665	1,059,004,850	1.1308	9,531,996,850	11.11%
2009-10	219,541,850	758,613,629	20,609,071	998,764,550	1.1352	8,933,493,292	11.18%
2008-09	209,385,295	679,130,430	19,841,971	908,357,696	1.3382	8,081,474,164	11.24%
2007-08	\$202,500,639	\$ 590,606,733	\$ 19,206,899	\$ 812,314,271	1.4206	7,182,265,880	11.31%

Source:

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

Notes:

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

(2) Total Direct Tax Rate includes both primary and secondary tax rates for fiscal years 2008-09 to 2007-08

(3) Assessed Value as Percentage of Actual Value for fiscal year 2016-17 is based on 2015-16 information, current year information not available.

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

Fiscal Year	Total Adjusted Tax Levy (1)	Current Tax Collections (2)	Percent of Current Tax Collections to Total Tax Levy	Collections in Subsequent Years (2)	Total Tax Collections (2)	Percent of Total Tax Collections to Total Tax Levy
2016-17	\$ 14,364,227	\$ 13,890,497	96.70%	\$ -	\$ 13,890,497	96.70%
2015-16	14,475,580	13,969,344	96.50%	463,246	14,432,590	99.70%
2014-15	13,963,030	13,498,333	96.67%	415,453	13,913,786	99.65%
2013-14 (3)	13,267,899	12,815,737	96.59%	403,459	13,219,196	99.63%
2012-13	13,059,169	12,671,313	97.03%	367,745	13,039,058	99.85%
2011-12	12,647,564	12,187,235	96.36%	441,626	12,628,861	99.85%
2010-11	11,898,901	11,303,655	95.00%	578,419	11,882,074	99.86%
2009-10	11,331,739	10,769,251	95.04%	551,648	11,320,899	99.90%
2008-09	12,312,004	11,733,475	95.30%	573,885	12,307,360	99.96%
2007-08	\$ 11,624,490	\$ 11,083,456	95.35%	\$ 538,622	\$ 11,622,078	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
2016-17	1.7884		1.7884	0.8471	1.4021	1.4021	0.0500	3.5500	0.0813	7.3012
2015-16	1.7423		1.7423	0.8417	1.3646	1.3646	0.0500	3.5500	0.5261	7.3012
2014-15	1.6610		1.6610	0.8185	1.2831	1.2831	0.0500	3.5500	0.6338	8.0000
2013-14	1.4769		1.4769	0.6995	0.2789	1.1934	0.0500	3.5500	0.4312	8.0000
2012-13	1.3515		1.3515	0.6401	0.2789	0.9880	0.0500	3.5500	0.1255	8.0000
2011-12	1.2387		1.2387	0.5984	0.2789	0.9815	0.0500	3.5500	1.7682	7.2564
2010-11	1.1308		1.1308	0.5572	0.2789	0.8567	0.0500	3.5500	1.4797	8.0000
2009-10	1.1352		1.1352	0.5594	0.2789	0.8550	0.0500	3.5500	1.3726	8.3747
2008-09	1.1719	0.1663	1.3382	0.5775	0.2845	0.8685	0.0500	3.5500	1.4622	7.7773
2007-08	1.2257	0.1949	1.4206	0.6041	0.2845	0.8870	0.0500	3.5500	1.6020	6.7592

Source:

District records and Navajo County Treasurer.

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

	2016			2006 (1)		
	Primary Assessed Valuation	Rank	Percent of Navajo County's Primary Assessed Valuation	Primary Assessed Valuation	Rank	Percent of Navajo County's Primary Assessed Valuation
Arizona Public Service Company	\$ 131,274,320	1	53.69%	\$ 96,593,064	1	55.58%
PacifiCorp Electric Operations	52,277,671	2	21.38%	32,473,751	2	18.68%
Peabody Western Coal Co	17,334,500	3	7.09%	15,712,500	3	9.04%
Transwestern Pipeline Co	10,415,034	4	4.26%	7,818,785	6	4.50%
Burlington Northern/Santa Fe Railway	7,257,125	5	2.97%	5,184,182	10	2.98%
Kinder Morgan	6,029,921	6	2.47%	n/a	n/a	n/a
Navopache Electric Co-Op Inc	5,686,242	7	2.33%	5,430,813	9	3.12%
Citizens Telecom of White Mountains	4,983,329	8	2.04%	10,589,603	4	6.09%
Unisource Energy Corporation	4,916,132	9	2.01%	n/a	n/a	n/a
Smith Bagley	4,341,405	10	1.78%	n/a	n/a	n/a
Navajo County Assessed Value	\$ 244,515,679			\$ 173,802,698		

Source:

Navajo County Finance Department, 2016 Comprehensive Annual Financial Report.
Navajo County Finance and Assessor Offices.

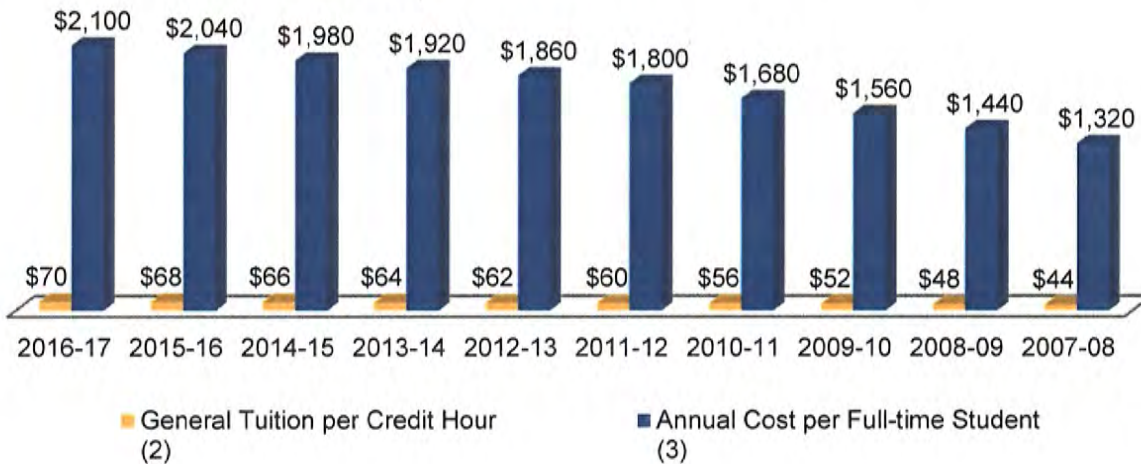
Note:

- (1) Data from 2005-2009 is not available; information is based on 2004 data. Information for principal property taxpayers was not available prior to fiscal year 2010.
- (2) Information presented is based on tax year.

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

Fiscal Year (1)	District Historic Tuition			
	General Tuition per Credit Hour (2)	Annual Cost per Full-Time Student (3)	Increase (Decrease)	
			Dollars	Percent
2016-17	\$ 70	\$ 2,100	\$ 2	3%
2015-16	68	2,040	2	3%
2014-15	66	1,980	2	3%
2013-14	64	1,920	2	3%
2012-13	62	1,860	2	3%
2011-12	60	1,800	4	7%
2010-11	56	1,680	4	8%
2009-10	52	1,560	4	8%
2008-09	48	1,440	4	9%
2007-08	\$ 44	\$ 1,320	\$ 44	10%

Historic General Resident Tuition



Source:

District records.

Notes:

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

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

Fiscal Year	General Obligation Bonds	Certificates of Participation	Capital Lease Obligations	Total Outstanding Debt	Per FTSE (1)	Per Capita (2)
2016-17	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015-16	-	-	20,676	20,676	10.66	0.19
2014-15	-	-	38,964	38,964	21.04	0.36
2013-14	-	-	57,745	57,745	31.64	0.53
2012-13	-	-	74,336	74,336	37.89	0.68
2011-12	-	-	-	-	-	-
2010-11	-	-	83,123	83,123	37.46	0.78
2009-10	-	-	-	-	-	-
2008-09	-	-	-	-	-	-
2007-08	\$ 1,605,000	\$ 235,000	\$ -	\$ 1,840,000	\$ 735.71	\$ 16.38

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 2015 through 2017 are not yet available; calculation is based on prior year data.

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

	2016-17	2015-16	2014-15	2013-14	2012-13
Secondary Assessed Value of Real and Personal Property	\$ 841,423,700	\$ 843,018,904	\$ 846,247,083	\$ 904,776,443	\$ 978,263,926
Debt Limit, 15% of Secondary Assessed Value	126,213,555	126,452,836	126,937,062	135,716,466	146,739,589
Amount of Debt Applicable to Debt Limit: General Obligation Bonded Debt	-	-	-	-	-
Total net debt applicable to the limit	-	-	-	-	-
Legal debt margin	\$ 126,213,555	\$ 126,452,836	\$ 126,937,062	\$ 135,716,466	\$ 146,739,589
Total net debt as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

	2011-12	2010-11	2009-10	2008-09	2007-08
Secondary Assessed Value of Real and Personal Property	\$ 1,040,412,117	\$ 1,116,355,302	\$ 1,100,568,483	\$ 998,760,072	\$ 851,317,372
Debt Limit, 15% of Secondary Assessed Value	156,061,818	167,453,295	165,085,272	149,814,011	127,697,606
Amount of Debt Applicable to Debt Limit: General Obligation Bonded Debt	-	-	-	-	1,605,000
Total net debt applicable to the limit	-	-	-	-	1,605,000
Legal debt margin	\$ 156,061,818	\$ 167,453,295	\$ 165,085,272	\$ 149,814,011	\$ 126,092,606
Total net debt as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	1.26%

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		
2016-17	\$ -	\$ -	\$ -	\$ -	N/A
2015-16	-	-	-	-	N/A
2014-15	-	-	-	-	N/A
2013-14	-	-	-	-	N/A
2012-13	-	-	-	-	N/A
2011-12	-	-	-	-	N/A
2010-11	-	-	-	-	N/A
2009-10	-	-	-	-	N/A
2008-09	1,656,313	1,605,000	56,175	1,661,175	1.00
2007-08	\$ 1,664,423	\$ 1,560,000	\$ 99,075	\$ 1,659,075	1.00

Fiscal Year	Revenues (2)	Certificates of Participation		Total Debt Service	Coverage Ratio
		Principal	Interest		
2016-17	\$ -	\$ -	\$ -	\$ -	N/A
2015-16	-	-	-	-	N/A
2014-15	-	-	-	-	N/A
2013-14	-	-	-	-	N/A
2012-13	-	-	-	-	N/A
2011-12	-	-	-	-	N/A
2010-11	-	-	-	-	N/A
2009-10	-	-	-	-	N/A
2008-09	2,824,047	235,000	7,696	242,696	11.64
2007-08	\$ 2,483,223	\$ 220,000	\$ 29,583	\$ 249,583	9.95

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
2016	Not available	Not available	Not available	9.4%
2015 (1)	108,277	\$ 3,154,284	\$ 29,132	9.6%
2014	109,185	2,965,679	27,162	11.2%
2013	108,694	2,869,655	26,401	13.1%
2012	107,094	2,826,523	26,393	15.2%
2011	107,174	2,780,847	25,947	15.8%
2010	107,449	2,742,716	25,526	16.0%
2009	112,975	2,634,137	23,316	14.9%
2008	112,348	2,539,509	22,604	9.7%
2007	110,999	\$ 2,412,656	\$ 21,736	6.3%

Sources:

Navajo County Finance Department, 2016 Comprehensive Annual Financial Report.

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

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

Employment by Sector	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Mining and Construction	1,525	1,725	1,625	1,600	1,600	1,325	1,450	1,600	2,375	2,925
Educational & Health Svcs	4,125	3,900	3,575	3,575	3,550	3,200	3,550	3,500	3,300	3,325
Financial Activities	650	625	700	600	575	425	400	475	525	600
Government	8,925	9,775	9,325	9,675	9,850	9,500	9,650	10,100	10,400	9,925
Leisure & Hospitality	3,450	3,200	3,700	3,875	3,600	3,625	3,500	3,150	3,475	3,475
Manufacturing	250	175	150	125	475	525	525	550	800	900
Information	1,050	1,200	1,150	1,175	1,175	1,150	1,150	1,075	1,000	825
Professional & Business Svcs	1,325	1,150	1,425	1,175	1,000	1,025	1,000	1,025	1,275	1,350
Trade, Transportation & Utilities	5,475	4,875	4,700	5,175	5,150	5,025	5,250	5,375	5,650	6,050
Other Services	975	950	925	1,050	950	525	700	750	850	800

Sources:

Navajo County Finance Department, 2016 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
Burlington Northern Santa Fe	Line-Haul
Cellular One	Communications
Hatch Auto Centers	Auto Dealer
Hondah Resort & Casino	Hospitality
Holiday Inn, Kayenta	Hotels and Motels
Home Depot	Retail
Kayenta Boarding B.I.A. School	Education
Keams Canyon Indian Hospital	Medical
K-Mart	Retail
Little Colorado Medical Center	Medical
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
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, 2016 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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Holbrook	443	469	480	493	445	486	500	555	543	549
Show Low	1,020	1,024	960	955	1,173	1,409	1,439	1,700	1,536	1,591
Snowflake	411	367	407	390	499	525	554	705	708	639
Winslow	359	422	376	396	393	419	387	534	499	514
Kayenta	74	75	74	79	81	72	65	102	117	127
Hopi	77	97	113	130	130	135	152	195	152	172
Whiteriver	206	212	195	164	187	170	231	270	264	270
St Johns	176	199	191	188	180	167	191	178	224	206
Springerville/Eager	174	180	227	149	183	236	186	279	332	297
Sanders (3)	-	-	-	-	-	-	-	40	34	18
Heber (4)	-	-	-	-	-	-	-	71	60	111
Navajo County Misc.	33	58	1	11	36	35	37	41	21	23
Apache County Misc.	96	112	97	179	211	113	87	100	122	125
Department of Corrections	32	92	65	47	127	118	101	32	153	18
Other	461	559	515	536	709	748	743	774	745	595
Total District (1)	3,044	3,354	3,211	3,234	3,718	3,917	3,951	4,639	4,732	4,629

Location	Fall Historic FTSE (2)									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Holbrook	202	213	200	190	179	182	200	186	195	176
Show Low	470	493	473	470	526	638	667	753	693	682
Snowflake	164	131	169	143	223	184	208	253	272	240
Winslow	160	186	158	172	184	176	175	219	197	190
Kayenta	24	21	23	24	26	27	29	40	52	51
Hopi	26	34	39	47	43	49	40	66	56	58
Whiteriver	92	98	86	64	75	81	105	111	115	115
St Johns	80	99	89	89	85	72	79	53	85	88
Springerville/Eager	46	55	71	43	72	84	72	99	105	94
Sanders (3)	-	-	-	-	-	-	-	11	9	4
Heber (4)	-	-	-	-	-	-	-	15	13	22
Navajo County Misc.	7	16	0	2	5	7	9	12	5	7
Apache County Misc.	22	24	22	42	48	27	20	23	29	43
Department of Corrections	24	95	60	14	61	53	43	11	148	17
Other	122	136	139	146	216	227	205	212	206	168
Total District	1,440	1,601	1,529	1,446	1,743	1,807	1,852	2,064	2,180	1,955

Degrees & Certificates	Degrees and Certificates Awarded									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Associate of Arts	33	30	28	39	26	21	31	32	38	25
Associate of Arts in Elementary Ed	7	11	4	6	6	7	2	1	1	7
Associate of Business	3	8	9	8	9	7	4	9	3	6
Associate of Science	17	15	11	5	3	10	3	7	5	8
Associate of General Studies	22	16	20	33	17	15	16	26	24	23
Associate of Applied Science	125	121	125	91	93	116	87	114	96	80
Certificate of Proficiency	734	545	399	341	215	236	271	390	93	76
Certificate of Applied Science	97	82	68	63	41	9	12	26	24	8

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
2016	21%	79%	87%	13%	0%	1,778	1,266
2015	24%	76%	89%	11%	0%	1,952	1,402
2014	23%	77%	86%	14%	0%	1,922	1,289
2013	21%	79%	88%	12%	0%	1,969	1,265
2012	22%	78%	87%	13%	0%	2,221	1,497
2011	22%	78%	86%	13%	1%	2,333	1,584
2010	24%	76%	88%	11%	1%	2,393	1,558
2009	22%	78%	88%	11%	1%	3,062	1,577
2008	23%	77%	89%	11%	0%	3,042	1,690
2007	19%	81%	88%	12%	0%	3,029	1,600

Fall Semester	Ethnic Background						
	White (Caucasian)	American Indian	Black	Hispanic	Asian	Pacific Islander	Other/Unknown
2016	49%	34%	1%	3%	1%	0%	12%
2015	46%	36%	1%	1%	1%	0%	14%
2014	47%	35%	1%	11%	1%	0%	5%
2013	49%	36%	1%	8%	1%	0%	5%
2012	49%	35%	1%	9%	1%	0%	5%
2011	52%	30%	1%	7%	1%	0%	9%
2010	48%	31%	0%	7%	1%	0%	13%
2009	51%	27%	1%	6%	1%	0%	14%
2008	52%	24%	1%	7%	1%	0%	15%
2007	55%	26%	1%	6%	1%	0%	11%

Source:

District records.

Notes:

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

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

Fall Semester	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
19 & Under	1,618	1,651	1,461	1,437	1,697	1,748	1,726	1,770	1,845	1,735
20 - 24	462	505	525	508	575	657	641	655	651	579
25 - 29	313	332	316	304	365	381	402	488	474	430
30 - 39	330	425	444	447	516	558	557	609	607	624
40 - 49	164	228	263	275	314	313	316	483	543	548
50 - 59	97	158	151	200	182	174	231	348	365	402
60 & Over	60	55	51	63	69	86	78	286	247	311
Unknown	-	-	-	-	-	-	-	-	-	-
Total (1)	3,044	3,354	3,211	3,234	3,718	3,917	3,951	4,639	4,732	4,629

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	2016-17	2015-16	2014-15	2013-14 (3)	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Faculty										
Full-time	75	78	75	77	76	77	70	70	73	80
Part-time FTE	70	83	83	82	85	64	66	94	77	121
Subtotal of Faculty	145	161	158	159	161	141	136	164	150	201
Administrative & Support Staff										
Full-time	130	129	135	137	133	134	125	125	113	136
Part-time FTE	168	131	138	136	151	156	164	181	235	174
Subtotal of Staff	298	260	273	273	284	290	289	306	348	310
Total Employees	443	421	431	432	445	431	425	470	498	511
Students per Faculty (1)	12.60	12.06	11.72	11.48	12.19	14.68	16.32	14.61	17.88	12.44
Students per Staff (1)	6.13	7.46	6.78	6.68	6.91	7.14	7.68	7.83	7.71	8.07
Average class size (2)	14	14	13	11	12	13	11	12	11	11

Source:

District records.

Notes:

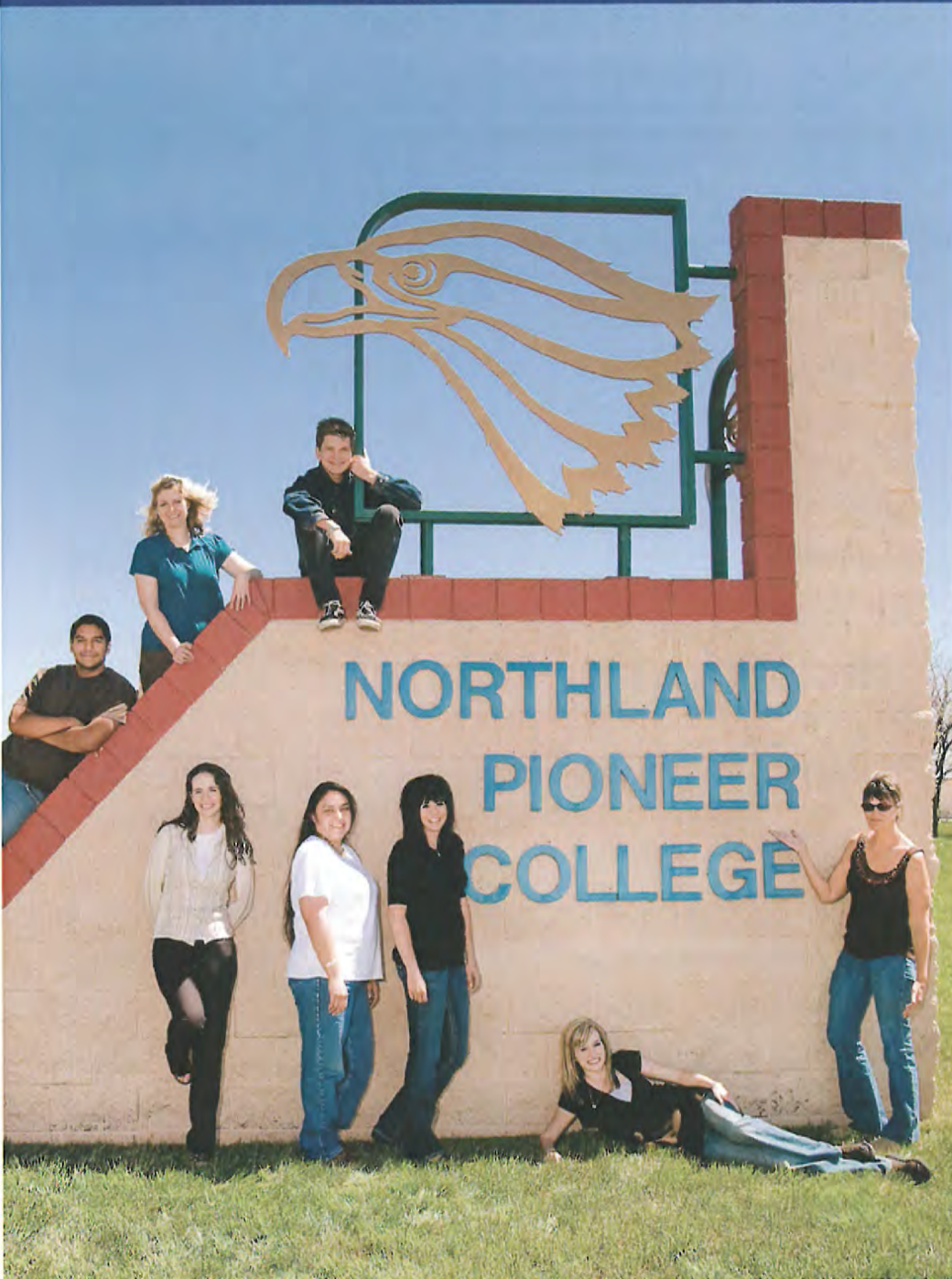
- (1) Audited annual Full Time Student Equivalent (FTSE) divided by Subtotal Faculty or Subtotal Staff.
- (2) Average class size is based on an academic year and is calculated using only classes for Liberal Arts and Nursing excluding multicourse labs and two internet classes (POS221 & POS222).
- (3) Average class size for 2013-14 was corrected from 12 to 11

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

Location	Fiscal Years									
	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Old Holbrook Campus										
Total Square Footage	-	-	-	-	-	-	12,360	12,360	12,360	27,288
Total Acreage	0.00	0.00	0.00	0.00	0.00	0.00	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
Total Acreage	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54
New Holbrook Campus										
Total Square Footage	101,287	101,287	101,287	101,287	56,220	56,220	56,220	56,220	56,220	56,220
Total Acreage	27.71	27.71	27.71	27.71	27.71	27.71	27.71	27.71	27.71	27.71
Show Low Campus										
Total Square Footage	84,646	84,646	84,646	84,646	84,646	84,646	84,646	84,646	84,646	84,646
Total Acreage	31.69	31.69	31.69	31.69	31.69	31.69	31.69	31.69	31.69	31.69
Snowflake Campus										
Total Square Footage	60,240	60,240	60,240	60,240	60,240	60,240	60,240	60,240	60,240	60,240
Total Acreage	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5
Winslow Campus										
Total Square Footage	50,540	50,540	50,540	50,540	50,540	50,540	50,540	50,540	50,540	50,540
Total Acreage	26.72	26.72	26.72	26.72	26.72	26.72	26.72	26.72	26.72	26.72
Kayenta Center (1)										
Total Square Footage	3,000	3,000	3,000	3,000	3,532	3,532	1,700	1,700	1,700	1,700
Hopi Center (2)										
Total Square Footage	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500
Whiteriver Center (2)										
Total Square Footage	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054	12,054
St Johns Center (1)										
Total Square Footage	5,320	5,320	5,320	5,320	5,320	5,320	5,320	5,320	5,320	5,320
Springerville/Eager Center										
Total Square Footage										
940 E Maricopa (1)	25,670	25,670	25,670	25,670	25,670	-	-	-	-	-
578 N. Main	-	-	-	-	-	4,000	4,000	4,000	4,000	4,000
District Owned Modulars	-	-	-	-	-	2,880	2,880	2,880	2,880	2,880
Heber Center (3)										
Total Square Footage	-	-	-	-	-	-	-	3,870	3,870	3,870
Total District										
Total Square Footage	360,577	360,577	360,577	360,577	316,042	297,252	307,780	323,650	323,650	338,578
Total Acreage	105.16	105.16	105.16	105.16	105.16	105.16	145.16	145.16	145.16	145.16

Source:
District records.

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



Expanding Minds & Transforming Lives

In September 1974, a previously abandoned hospital, elementary school and commercial buildings throughout Navajo County became centers for learning opportunities that would transform lives for generations to come. Located close to population clusters, these centers were outlets for college courses, fun workshops and vocational training from **Northland Pioneer College**, utilizing a decentralized concept unique in Arizona.

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 multiple locations. Today, NPC's wireless wide area network (WWAN) connects 11 different locations, scattered over an area almost equal in size to the state of West Virginia, and is an essential tool in instruction.

2017

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



Northland Pioneer College
EXPANDING MINDS • TRANSFORMING LIVES_{SM}

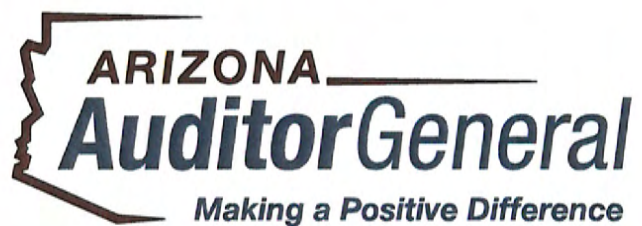
Navajo County Community College District (Northland Pioneer College)

Single Audit Report

Year Ended June 30, 2017

A Report to the Arizona Legislature

Debra K. Davenport
Auditor General



The Auditor General is appointed by the Joint Legislative Audit Committee, a bipartisan committee composed of five senators and five representatives. Her mission is to provide independent and impartial information and specific recommendations to improve the operations of state and local government entities. To this end, she provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits and special reviews of school districts, state agencies, and the programs they administer.

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Senator **Sean Bowie**
Senator **Judy Burges**
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District Response

Corrective action plan

Summary schedule of prior audit findings

Report Issued Separately

Comprehensive annual financial report



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

**Independent auditors' report on internal control over financial reporting and
on compliance and other matters based on an audit of basic financial
statements performed in accordance with *Government Auditing Standards***

Members of the Arizona State Legislature

The Governing Board of
Navajo County Community College District

We have audited the financial statements of the business-type activities and aggregate discretely presented component units of Navajo County Community College District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 9, 2017. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the District's financial statements. 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. However, the financial statements of the aggregate discretely presented component units were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the aggregate discretely presented component units.

Internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's basic financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2017-01 through 2017-04, that we consider to be significant deficiencies.

Compliance and other matters

As part of obtaining reasonable assurance about whether the District's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Navajo County Community College District's response to findings

Navajo County Community College District's responses to the findings identified in our audit are presented in its corrective action plan at the end of this report. The District's responses were not subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jay Zsorey, CPA
Financial Audit Director

November 9, 2017



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

**Independent auditors' report on compliance for each major federal program;
report on internal control over compliance; and report on schedule of
expenditures of federal awards required by the Uniform Guidance**

Members of the Arizona State Legislature

The Governing Board of
Navajo County Community College District

Report on compliance for each major federal program

We have audited Navajo County Community College District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on each major federal program

In our opinion, Navajo County Community College District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on internal control over compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on schedule of expenditures of federal awards required by the Uniform Guidance

We have audited the financial statements of the business-type activities and aggregate discretely presented component units of Navajo County Community College District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 9, 2017, that contained unmodified opinions on those financial statements. Our report also included a reference to our reliance on other auditors. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of the District's management and was derived from and relates directly to the underlying accounting and other records used to prepare

the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Jay Zsorey, CPA
Financial Audit Director

November 17, 2017



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of auditors' results

Financial statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
Noncompliance material to the financial statements noted?	No

Federal awards

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)?	No

Identification of major programs

CFDA number	Name of federal program or cluster
84.007, 84.033, 84.063	Student Financial Assistance Cluster
84.002	Adult Education—Basic Grants to States

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes
Other matters	
Auditee's summary schedule of prior audit findings required to be reported in accordance with 2 CFR §200.511 (b)?	Yes

Financial statement findings

2017-01

The District should improve its risk-assessment process to include information technology security

Criteria—The District faces risks of reporting inaccurate financial information and exposing sensitive data. An effective internal control system should include an entity-wide risk-assessment process that involves members of the District's administration and information technology (IT) management to determine the risks the District faces as it seeks to achieve its objectives to report accurate financial information and protect sensitive data. An effective risk-assessment process provides the basis for developing appropriate risk responses and should include defining objectives to better identify risks and define risk tolerances, and identifying, analyzing, and responding to identified risks.

Condition and context—The District's annual risk-assessment process did not include a district-wide IT security risk assessment over the District's IT resources, which include its systems, network, infrastructure, and data. Also, the District did not identify and classify sensitive information. Further, the District did not evaluate the impact disasters or other system interruptions could have on its critical IT resources and business operations.

Effect—There is an increased risk that the District's administration and IT management may not effectively identify, analyze, and respond to risks that may impact its IT resources.

Cause—The District relied on an informal process to perform risk-assessment procedures.

Recommendations—To help ensure the District has effective policies and procedures to identify, analyze, and respond to risks that may impact its IT resources, the District needs to implement a district-wide IT risk-assessment process. The information below provides guidance and best practices to help the District achieve this objective.

- **Conduct an IT risk-assessment process at least annually**—A risk-assessment process should include the identification of risk scenarios, including the scenarios' likelihood and magnitude; documentation and dissemination of results; review by appropriate personnel; and prioritization of risks identified for remediation. An IT risk assessment could also incorporate any unremediated threats identified as part of an entity's security vulnerability scans.
- **Identify, classify, inventory, and protect sensitive information**—Security measures should be developed to identify, classify, and inventory sensitive information and protect it, such as implementing controls to prevent unauthorized access to that information. Policies and procedures should include the security categories into which information should be classified, as well as any state statutes and federal regulations that could apply, and require disclosure to affected parties if sensitive information covered by state statutes or federal regulations is compromised.
- **Evaluate the impact disasters or other system interruptions could have on critical IT resources**—The evaluation should identify key business processes and prioritize the resumption of these functions within time frames acceptable to the entity in the event of contingency plan activation. Further, the results of the evaluation should be considered when updating its disaster recovery plan.

The District's responsible officials' views and planned corrective action are in its corrective action plan included at the end of this report.

2017-02

The District should improve access controls over its information technology resources

Criteria—Logical and physical access controls help to protect a District's information technology (IT) resources, which include its systems, network, infrastructure, and data, from unauthorized or inappropriate access or use, manipulation, damage, or loss. Logical access controls also help to ensure that authenticated users access only what they are authorized to. Therefore, the District should have effective internal control policies and procedures to control access to its IT resources.

Condition and context—The District has written policies and procedures for managing access to its IT resources; however, they lacked critical elements, and the District did not consistently implement its policies and procedures to help prevent or detect unauthorized or inappropriate access to its IT resources.

Effect—There is an increased risk that the District may not prevent or detect unauthorized or inappropriate access or use, manipulation, damage, or loss of its IT resources, including sensitive and confidential information.

Cause—The District had not reviewed its policies and procedures to ensure they were in line with current IT standards and best practices and did not ensure that its policies and procedures were consistently implemented.

Recommendations—To help prevent and detect unauthorized access or use, manipulation, damage, or loss to its IT resources, the District needs to review its logical and physical access policies and procedures over its IT resources against current IT standards and best practices, update them where needed, and implement them district-wide, as appropriate. Further, the District should train staff on the policies and procedures. The information below provides guidance and best practices to help the District achieve this objective.

- **Review user access**—A periodic, comprehensive review should be performed of all existing employee accounts to help ensure that network and system access granted is needed and compatible with job responsibilities.
- **Remove terminated employees' access to its IT resources**—Employees' network and system access should immediately be removed upon their terminations.
- **Review contractor and other nonentity account access**—A periodic review should be performed on contractor and other nonentity accounts with access to an entity's IT resources to help ensure their access remains necessary and appropriate.
- **Review all shared accounts**—Shared network access accounts should be reviewed and eliminated or minimized when possible.
- **Manage shared accounts**—Shared accounts should be used only when appropriate and in accordance with an established policy authorizing the use of shared accounts. In addition, account credentials should be reissued on shared accounts when a group member leaves.
- **Improve network and system password policies**—Network and system password policies should be improved and ensure they address all accounts.
- **Develop data center access policies and procedures**—Physical access granted to the data center should be in accordance with documented data center policies and procedures.

The District's responsible officials' views and planned corrective action are in its corrective action plan included at the end of this report.

2017-03

The District should improve its configuration management processes over its information technology resources

Criteria—A well-defined configuration management process is needed to ensure that the District's information technology (IT) resources, which include its systems, network, infrastructure, and data, are configured appropriately and securely because IT resources are constantly changing in response to new, enhanced, corrected, or updated hardware and software capabilities and new security threats.

Condition and context—The District's configuration management policies and procedures were not adequate to ensure its IT resources were configured securely.

Effect—There is an increased risk that the District's IT resources may not be configured appropriately and securely.

Cause—The District had not reviewed its policies and procedures to ensure they were in line with current IT standards and best practices.

Recommendations—To help ensure the District's IT resources are configured appropriately and securely, the District needs to review its configuration management policies and procedures against current IT standards and best practices, update them where needed, and implement them district-wide, as appropriate. Further, the District should train staff on the policies and procedures. The information below provides guidance and best practices to help the District achieve this objective.

- **Configure IT resources appropriately and securely, and maintain configuration settings**—Configure IT resources appropriately and securely, which includes limiting the functionality to ensure only essential services are being performed, and maintain configuration settings for all systems.

The District's responsible officials' views and planned corrective action are in its corrective action plan included at the end of this report.

2017-04

The District should improve security over its information technology resources

Criteria—The selection and implementation of security controls for the District's information technology (IT) resources, which include its systems, network, infrastructure, and data, are important because they reduce the risks that arise from the loss of confidentiality, integrity, or availability of information that could adversely impact the District's operations or assets. Therefore, the District should implement internal control policies and procedures for an effective IT security process that includes practices to help prevent, detect, and respond to instances of unauthorized or inappropriate access or use, manipulation, damage, or loss to its IT resources.

Condition and context—The District has written policies and procedures over IT security; however, they lacked critical elements, and the District did not consistently implement its IT security policies and procedures.

Effect—There is an increased risk that the District may not prevent or detect the loss of confidentiality, integrity, or availability of systems and data.

Cause—The District had not reviewed its policies and procedures to ensure they were in line with current IT standards and best practices and did not ensure that its policies and procedures were consistently implemented.

Recommendations—To help prevent, detect, and respond to instances of unauthorized or inappropriate access or use, manipulation, damage, or loss of its IT resources, the District needs to review its IT security policies and procedures against current IT standards and best practices, update them where needed, and implement them district-wide, as appropriate. Further, the District should train staff on the policies and procedures. The information below provides guidance and best practices to help the District achieve this objective.

- **Prepare and implement proactive logging and log-monitoring policies and procedures**—Key user and system activity should be logged, particularly for users with administrative access privileges and remote access, along with other activities that could result in potential security incidents, such as unauthorized or inappropriate access. An entity should determine what events to log, configure the system to generate the logs, and decide how often to monitor these logs for indicators of potential attacks or misuse of IT resources. Finally, activity logs should be maintained where users with administrative access privileges cannot alter them.
- **Prepare and implement an incident response plan**—An incident response plan should be developed, tested, and implemented for an entity's IT resources, and staff responsible for the plan should be trained. The plan should coordinate incident-handling activities with contingency-planning activities and incorporate lessons learned from ongoing incident handling in the incident response procedures. The incident response plan should be distributed to incident response personnel and updated as necessary. Security incidents should be reported to incident response personnel so they can be tracked and documented. Policies and procedures should also follow regulatory and statutory requirements, provide a mechanism for assisting users in handling and reporting security incidents, and making disclosures to affected individuals and appropriate authorities if an incident occurs.
- **Provide training on IT security risks**—A plan should be developed to provide continuous training on IT security risks, including a security awareness training program for all employees that provides a basic understanding of information security, user actions to maintain security, and how to recognize and report potential indicators of security threats, including threats employees generate. Security awareness training should be provided to new employees and on an ongoing basis.

- **Perform IT vulnerability scans**—A formal process should be developed for vulnerability scans that includes performing vulnerability scans of its IT resources on a periodic basis and utilizing tools and techniques to automate parts of the process by using standards for software flaws and improper configuration, formatting procedures to test for the presence of vulnerabilities, measuring the impact of identified vulnerabilities, and approving privileged access while scanning systems containing highly sensitive data. In addition, vulnerability scan reports and results should be analyzed and legitimate vulnerabilities remediated as appropriate, and information obtained from the vulnerability-scanning process should be shared with other departments of the entity to help eliminate similar vulnerabilities.
- **Apply patches**—Patches to IT resources should be evaluated, tested, and applied in a timely manner once the vendor makes them available.

The District's responsible officials' views and planned corrective action are in its corrective action plan included at the end of this report.

DISTRICT SECTION

**Navajo County Community College District
 (Northland Pioneer College)
 Schedule of expenditures of federal awards
 Year ended June 30, 2017**

Federal agency/CFDA number	Federal program name	Cluster title	Pass-through grantor	Pass-through grantor's number	Program expenditures
National Science Foundation					
47 076	Education and Human Resources		Science Foundation AZ	DUE-1400687	\$ 17,089
Small Business Administration					
59 037	Small Business Development Centers		Maricopa County Community College District	SBAHQ-16-B-0051	121,450
Department of Education					
84 002	Adult Education—Basic Grants to States		Arizona Department of Education	V002A1600003	366,960
84 007	Federal Supplemental Educational Opportunity Grants	Student Financial Assistance Cluster			70,475
84 033	Federal Work-Study Program	Student Financial Assistance Cluster			116,627
84 063	Federal Pell Grant Program	Student Financial Assistance Cluster			2,256,249
	<i>Total Student Financial Assistance Cluster</i>				<u>2,443,351</u>
84 031	Higher Education—Institutional Aid				358,089
84 048	Career and Technical Education—Basic Grants to States		Arizona Department of Education	V048A160003	269,422
84 366	Mathematics and Science Partnerships		Arizona Department of Education	S366B160003	5,809
	Total Department of Education				<u>3,443,631</u>
	Total expenditures of federal awards				<u>\$ 3,582,170</u>

See accompanying notes to schedule.

**Navajo County Community College District
(Northland Pioneer College)
Notes to schedule of expenditures of federal awards
Year ended June 30, 2017**

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Navajo County Community College District for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Note 2 - Summary of significant accounting policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 3 - Catalog of Federal Domestic Assistance (CFDA) numbers

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2017 *Catalog of Federal Domestic Assistance*.

Note 4 - Indirect cost rate

The District did not elect to use the 10 percent de minimis indirect cost rate as covered in 2 CFR §200.414.

DISTRICT RESPONSE



November 9, 2017

Debbie Davenport
Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018

Dear Ms. Davenport:

We have prepared the accompanying corrective action plan as required by the standards applicable to financial audits contained in *Government Auditing Standards* and by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, for each finding we are providing you with our responsible officials' views, the names of the contact people responsible for corrective action, the corrective action planned, and the anticipated completion date.

Sincerely,

Maderia J. Ellison
Associate Vice President/Chief Business Officer

Navajo County Community College District
Northland Pioneer College
Corrective action plan
Year ended June 30, 2017

Financial statement findings

2017-01

The District should improve its risk-assessment process to include information technology security.

Phillip Way, Associate Vice President and Chief Information Officer &
Maderia Ellison, Associate Vice President and Chief Business Officer
Anticipated completion date: Sept. 1, 2018

Corrective Action Plan:

The District has been made aware of the issues related to risk-assessment process and concurs with the finding and recommendations.

The District will make the necessary changes to improve an entity-wide risk-assessment process that includes District Administration and IT management to develop an appropriate risk response that defines objectives to identify risks, define risk tolerance, identify, analyze and respond to identified risk; specifically it will:

- Develop new policies and procedures to formalize an entity wide risk assessment process that will include information technology.
- Evaluate and identify risk scenarios, including likelihood and magnitude; document and disseminate results, review, and prioritize for mitigation.
- Develop and document security measures to identify, classify and inventory sensitive information with procedure(s) that include security categories of classification, potential state statutes and federal regulations which may apply and disclosure notification as part of District procedure.
- Evaluate and update existing business continuity plan to include disaster impact on key business processes and establish a prioritization of these functions with defined acceptable time frames.
- Continue to recruit and hire a Security Coordinator as a position that has been vacant for more than a year, as a primary area of focus and responsibility.

Navajo County Community College District
Northland Pioneer College
Corrective action plan
Year ended June 30, 2017

Financial Statement Finding

2017-02

The District should improve its access controls over information technology resources.

Phillip Way, Associate Vice President and Chief Information Officer

Anticipated completion date: July 1, 2018

Corrective Action Plan:

The District has been made aware of the issues related to improving existing access controls and concurs with the finding and recommendations.

The District will make the necessary changes to improve existing access controls over information technology resources; specifically it will:

- Evaluate and update existing controls and processes to review user access to network and systems. Process development to establish supervisory responsibilities at all leadership levels to ensure compliance with IS/IT mandates.
- Evaluate and update existing policies and procedures across the District departments to effectively provide timely employee status updates that notify IS/IT for timely removal of employee access and/or removal of account.
- Evaluate and update existing contractor and nonentity account access audit procedure for annual review.
- Evaluate and document shared network access account procedure to include revision of credentials when group members leave a shared account.
- Evaluate and update existing password policy for all account users and apply to all network and system accounts.
- Update and define physical access policy/procedure to data center locations.

Navajo County Community College District
Northland Pioneer College
Corrective action plan
Year ended June 30, 2017

Financial Statement Finding

2017-03

The District should improve its configuration management process over information technology resources.

Phillip Way, Associate Vice President and Chief Information Officer
Anticipated completion date: July 1, 2018

Corrective Action Plan:

The District has been made aware of the issues related to improving existing configuration management and concurs with the finding and recommendations.

The District will make the necessary changes to improve existing configuration management over information technology resources; specifically it will:

- Evaluate and update existing configuration management procedures against current IS/IT standards and best practices and update where needed and implemented.
- Evaluate and evolve the IS/IT resources configuration settings for all systems and document those processes.
- Continue to recruit and hire a Database Administrator as a position that has been vacant for the past four years as a primary area of focus and responsibility.

Navajo County Community College District
Northland Pioneer College
Corrective action plan
Year ended June 30, 2017

Financial Statement Finding

2017-04

The District should improve security over information technology resources.

Phillip Way, Associate Vice President and Chief Information Officer
Anticipated completion date: July 1, 2018

Corrective Action Plan:

The District has been made aware of the issues related to improving existing access controls and concurs with the finding and recommendations.

The District will make the necessary changes to improve existing access controls over information technology resources; specifically it will:

- Develop through evolution of existing controls, effective IS/IT security processes that aid in the prevention, detection and response to potential unauthorized access/use, manipulation, damage, or loss of IS/IT resources. The security posture of the District is already undergoing significant development and has recognized this area in the recent year with a great attention. The District has been seeking to hire a Security Coordinator for the past year and the position is currently still vacant.
- Establish enhanced monitoring and logging practice to be developed further with procedure outlining expectations and actions required.
- Evaluate and establish an incident response plan scenario and test cycle to ensure effective incident response measures.
- Coordinate internal training development with the District trainer to establish a continuous program focused on IS/IT security risk. Training will include a basic understanding of information security, personal user responsibility, recognizing potential risk/threat vectors, and proper reporting and handling of incidents.
- Perform, analyze, and evaluate, on a periodic basis, an IS/IT vulnerability scan. Results will be shared as appropriate and actions taken as required.
- Continue to evaluate and update service patches as appropriate and timely required.

October 12, 2017

Debbie Davenport
Auditor General
2910 N. 44th St., Ste. 410
Phoenix, AZ 85018

Dear Ms. Davenport:

We have prepared the accompanying summary schedule of prior audit findings as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Specifically, we are reporting the status of an audit finding included in the prior audit's summary schedule of prior audit findings that was partially corrected.

Sincerely,

Maderia J. Ellison
Associate Vice President/Chief Business Officer

Navajo County Community College District
(Northland Pioneer College)
Summary schedule of prior year audit findings
Year ended June 30, 2017

Status of financial statement findings

The District should improve procedures over capital assets reporting and stewardship.

Finding no.: 2015-01

Status: *Fully corrected*





DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

January 9, 2018

The Governing Board of
Navajo County Community College District

Dr. Jeanne Swarthout, College President
Navajo County Community College District

We have completed the audit of Navajo County Community College District's financial statements and the federal compliance audit of its major federal programs as of and for the year ended June 30, 2017, and issued our reports dated November 9, 2017 and November 17, 2017. We conducted our audits in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*; and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). As those auditing standards require, we are providing you the following information related to our audits to help you oversee the financial reporting and disclosure process and to help you oversee the federal programs the District administers for which management is responsible. Other auditors audited the financial statements of the Northeast Arizona Training Center, Inc. and NPC Friends and Family as described in our report on the District's financial statements.

Auditors' reports issued and auditors' results

We have reported the results of our audits, and the other auditors' audits to which we referred, in the District's comprehensive annual financial report (CAFR) and single audit reporting package. You should have already received a copy of the CAFR and single audit reporting package, which includes the following reports:

- Auditors' report on the District's financial statements,
- Auditors' report on 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance.
- Auditors' report on the District's compliance with the requirements applicable to each major federal program the District administers and on its internal control over compliance, which includes our auditors' opinion on the District's schedule of expenditures of federal awards.

Financial statement audit results—Based on our audit and the other auditors' audits to which we referred, we found that the information in the District's financial statements is fairly presented in all material respects and the financial statements are reliable. Also, the District generally maintained adequate internal control over financial reporting; however, we identified internal control weaknesses that the District should correct. Those weaknesses are described in the District's single audit reporting package on pages 9 through 13.

The Governing Board of
Navajo County Community College District

Dr. Jeanne Swarthout, College President
Navajo County Community College District
January 9, 2018
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Major federal programs audit results—Based on our audit and the other auditors' audits to which we referred, we found that the District maintained adequate internal control over compliance and complied with federal compliance requirements for both major federal programs tested. In addition, the single audit reporting package includes a summary schedule of prior audit findings. This schedule lets you know whether management has been correcting the findings identified in prior audits.

The District is responsible for its system of internal control over financial reporting and federal compliance and is also responsible for correcting the internal control weaknesses noted above.

Qualitative aspects of significant accounting practices

Management is responsible for selecting and using appropriate accounting policies, accounting estimates, and financial statement disclosures. The significant accounting policies the District used are described in Note 1 to the financial statements. The District did not adopt new accounting policies or change the application of existing policies during the year ended June 30, 2017. We noted no transactions the District entered into during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements management prepares and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimates of the net pension liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense are based on actuarial estimates. We evaluated the key factors and assumptions used to develop these estimates in determining that they were reasonable in relation to the financial statements taken as a whole.

The disclosures in the notes to the financial statements are neutral, consistent, and clear.

Qualitative aspects of compliance with federal program requirements and accounting practices

Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs. Management is also responsible for selecting and using appropriate accounting policies for recording federal transactions, making accounting estimates, and preparing the schedule of expenditures of federal awards disclosures. In addition, management is responsible for establishing and maintaining effective internal control over compliance for federal programs that provides reasonable assurance that transactions are properly recorded, accounted for, and executed in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on its federal programs. We noted no transactions the District entered into during the year for which there is a lack of authoritative guidance or consensus.

The Governing Board of
Navajo County Community College District

Dr. Jeanne Swarhout, College President
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The significant accounting policies the District used in preparing its schedule of expenditures of federal awards are described in the notes to the schedule. These notes are neutral, consistent, and clear.

Material misstatements

There were no material misstatements that came to our attention during the audit of the District's financial statements and schedule of expenditures of federal awards that required management's correction.

Management representations

We obtained certain representations from management that are included in the management representation letters dated November 9, 2017 and November 17, 2017.

Management consultations with other accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves applying an accounting principle to the District's financial statements or schedule of expenditures of federal awards, compliance with requirements of the major federal programs, or a determination of the type of auditors' opinion that may be expressed on the financial statements, schedule, or compliance with requirements of the major federal programs, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

This letter is intended solely for the information of those charged with the governance of Navajo County Community College District and is not intended to be and should not be used by anyone other than the specified party. However, this letter is a matter of public record, and its distribution is not limited.

If you would like to discuss this letter or have any questions, please contact Dave Glennon, Financial Audit Manager, at (602) 553-0333.

Sincerely,



Jay Zsorey, CPA
Financial Audit Director

cc: Ms. Maderia Ellison, Associate Vice President/Chief Business Officer

Federal Compliance

Summary:

As Northland Pioneer College prepares for the upcoming Higher Learning Commission accreditation site visit in November 2019, the college has reviewed its compliance with federal regulations in anticipation of the comprehensive evaluation. An important part of accreditation, federal compliance is based on the following 12 areas:

- 1) Assignment of Credits, Program Length and Tuition
- 2) Institutional Records of Student Complaints
- 3) Publication of Transfer Policies
- 4) Practices for Verification of Student Identity
- 5) Title IV Program Responsibilities
- 6) Required Information for Students and the Public
- 7) Advertising and Recruitment Materials and Other Public Information
- 8) Review of Student Outcome Data
- 9) Publication of Student Outcome Data
- 10) Standing with State and Other Accrediting Agencies
- 11) Public Notification of Opportunity to Comment
- 12) Competency-Based Programs Including Direct Assessment Programs / Faculty-Student Engagement

Because federal regulations change over time, NPC will continue to monitor revisions made to any applicable federal regulations that occur before the evaluation in 2019. Ongoing assessment of college compliance will continue to be an important part of the preparation the college undergoes prior to the HLC visit. The attached document is a rough draft of our current response to HLC questions regarding federal compliance. As a rough draft, the 25 appendices have not been completed.

Federal Compliance Filing by Institutions

Effective September 1, 2016 – August 31, 2018

This document outlines the information institutions should provide in a separate federal compliance section of their Assurance Argument or Comprehensive Quality Review. Institutions should answer the questions below and provide supporting documentation where necessary. A list of required and optional appendixes is provided at the end of the document.

The information requested in this document should be uploaded in the Assurance System in a separate federal compliance document **before** the visit unless otherwise noted. The institution should refer to the [Federal Compliance Overview: Information for Institutions and Peer Reviewers](#) in completing this template. This guide identifies applicable HLC policies and provides an explanation of each requirement.

Note that some federal requirements are related to the Criteria for Accreditation or Assumed Practices. This document identifies those related Criteria and Assumed Practices so that the institution may cross-reference any material it prepares to address them. The document also provides cross-references to the Code of Federal Regulations; while these cross-references will provide context for HLC's requirements, it is important that institutions write to HLC's requirements and not to the federal regulations cited.

Institution name: Northland Pioneer College

Main contact in the financial aid office: Beulah Bob-Pennypacker, Director of Financial Aid

Number of staff members in the financial aid office: 6 full-time, 3 part-time

Identify when the last U.S. Department of Education training for the staff of the financial aid office occurred: This training occurs annually, typically in December at the Federal Student Aid (FSA) Training Conference. The last one was held November 28-December 1, 2017 in Orlando, FL. The next one will be December 2018.

Assignment of Credits, Program Length and Tuition

1. Complete the [Worksheet for Institutions on the Assignment of Credit Hours and Clock Hours](#). Submit the worksheet and the attachments listed in it as **Appendix A**.
2. What is the length in semester or quarter hours or other applicable units of each of the institution's degree programs? Institutions offering programs at a single degree level may be able to identify a specific number of semester or quarter hours to which all their programs conform; institutions with programs at different degree levels may need to expand their answer, and if so should include a list in Part A, Section 1 of the *Worksheet for Institutions on the Assignment of Credit Hours and Clock Hours* (Appendix A).

See Appendix A

3. Are there any differences in tuition for specific programs?

Yes

No

If so, please identify the programs and explain the rationale for the difference in tuition.

N/A - There are no differences in tuition costs for specific programs.

For more information see Federal Requirements 34 CFR §602.16(a)(1)(viii), 34 CFR §602.24(f), 34 CFR §600.2, and 34 CFR §668.8(k) and (l).

Related HLC Requirements: Core Component 3.A and Assumed Practice B.1.

Institutional Records of Student Complaints

4. What is the institution's process for handling student complaints?

For complaints from students: The college has a formal grievance process (Procedure 2605) for student complaints against college employees, processes, and decisions. All complaints are thoroughly investigated per procedure. Those complaints found to be valid are remediated in the student's favor. The institutional issue driving the complaint is then referred to the appropriate supervisor. If the issue is an institutional process, that process is reviewed and altered or amended if needed. If the issue involves college personnel, the complaint becomes part of the employee's annual performance review with remediation expected. The college also surveys graduates and non-returning students. Comments regarding specific departments, courses, processes, or individuals are shared with the appropriate supervisor. Aggregated comments, such as lack of child care affecting a student's ability to graduate, are referred to the Strategic Planning and Accreditation Steering Committee for review, analysis, and potential incorporation into future institutional planning. Finally, student course evaluations are reviewed by deans to address concerns regarding course design and content, course delivery, and instructor performance.

For complaints about students: Student violations of college policy and procedure are addressed under Procedures 2625 (Student Code of Conduct), 2627 (Hazing Prevention), and/or 2762 (Harassment and Unlawful Discrimination). Complaints are forwarded to the appropriate investigating administrator per procedure. All complaints are thoroughly investigated. Students found in violation of college procedure face consequences from a range of options delineated by procedure.

5. Provide the institution's complaint policy and procedure and the web address where the public can find this information:

For NPC's student policies see <http://www.npc.edu/npc-policy-1400>.

For NPC's procedure on Student Grievances see <http://www.npc.edu/procedure-2605>; for Student Code of Conduct see <http://www.npc.edu/student-conduct-code>; for Appeal of Student Grades see <http://www.npc.edu/procedure-2666>; for Hazing see <http://www.npc.edu/procedure-2627>; for Harassment and Unlawful Discrimination see <http://www.npc.edu/procedure-2762>. See Appendix B for details. or attach as **Appendix B**.

6. Provide an aggregated report of the number and type of complaints received since the last comprehensive evaluation by HLC and explain their resolutions. Attach as **Appendix C**.

7. How does the institution integrate what it has learned from the complaint process into improvements in services or in teaching and learning?

As described above, complaints that indicate a needed change to college operations or procedure are referred to the appropriate supervisor for review. As changes are found to be justified, proper approvals

are sought and college procedures are updated as warranted. For example, faculty concern about the inability to directly address academic misconduct and plagiarism led to a rewrite of the Student Code of Conduct, with faculty given much greater authority to address academic issues without first referring said incidents to the Vice President for Learning and Student Services. (See Appendix C.2 for changes made to academic misconduct forms.)

For more information see Federal Requirement 34 CFR §602.16(a)(1)(ix).

Related HLC Requirements: Core Component 2.A and Assumed Practice A.3, A.4.

Publication of Transfer Policies

8. Where are the institution's transfer policies published?

NPC transfer policies are published in the college catalog (in both print and online versions):

Transfer Student Admissions and Credit Acceptance - pages 15-16

Alternative Learning Credit - pages 28-30

Transfer Articulation Agreements - pages 46, 57, 62-63, and 65-66

<http://www.npc.edu/sites/files/shared/catalogs/17-18/2017-18CatalogBook-web.pdf>

Provide copies of the published transfer policies (such as those included in the institution's catalog, on the website or in other appropriate publications) as **Appendix D**.

9. How does the institution disclose articulation agreements, at both the institutional level and the program level, to current and prospective students? (Ensure that the disclosures clearly identify whether the institution 1) accepts credits from the other institution(s) through the articulation agreement; 2) sends credits to the other institution(s) through the articulation agreement; 3) both offers and accepts credits with the institution(s) in the articulation agreement; and 4) what specific credits articulate through the agreement [e.g., general education only; pre-professional nursing courses only; etc.]?)

The State of Arizona passed legislation establishing a statewide transfer articulation system between all three state-operated universities and the 10 community college districts. For details regarding supporting legislation, Arizona transfer system policies, and additional information about AZTransfer see <https://www.manula.com/manuals/aztransfer/handbook-policy-manual/1/en/topic/introduction>.

Disclosure of transfer articulation agreements occurs primarily online. Details about NPC's transfer agreements can be found at the following websites: <http://www.npc.edu/transferU>, <http://www.npc.edu/transfer-agreements>, www.azsunsystem.com, and <http://www.aztransfer.com/universities/>. These websites describe transfer policies including offering and acceptance of specific transfer credits.

Advertising of these articulation agreements is done by marketing materials such as NPC's Transfer Guide found online at <http://www.npc.edu/sites/files/pdfswfdocs/TransferGuide16/index.html>. As new articulation agreements are developed, information is sent to students in the relevant departments as well as to the entire student body when applicable.

Provide a list of articulation agreements as **Appendix E** and the web address where the public can access this list. Note that you do not need to provide the full articulation agreements, only the list of agreements that you make public.

10. What is the process implemented by the institution to align the disclosed transfer policies with the criteria and procedures used by the institution in making transfer decisions?

Compliance with institutional transfer policies is managed in a number of ways. First, the AZTransfer system is used to evaluate all in-state transfer credits. This serves as a detailed resource for determining course equivalencies and is based on institutional transfer policies. Second, transfer credit evaluation is handled in a centralized office with one individual doing most of the evaluations. The NPC Records Evaluator is intimately familiar with the institution's transfer policies and routing all evaluations through a single point of contact reduces the risk of inconsistencies in awarding transfer credit. Third, students have the ability to file a petition with the help of an academic advisor if they feel like there are any inconsistencies in following transfer policies.

The Registrar also routinely attends Instructional Council (IC) meetings to be informed of approvals for any new or modified articulation agreements. When changes occur, the NPC Records Evaluator, is made aware of the changes by the Registrar so that she can award incoming transfer credit accordingly. Because transfer articulation agreements are discussed in IC meetings, there is a detailed record of all decisions and discussion related to the changes. Staff, faculty, and administrators review these records for compliance with current college policy.

Provide evidence (e.g., charts, data, etc.) that institutional decisions regarding transfer of academic credit align with the policy:

See Appendix F or attach as **Appendix F**.

For more information see Federal Requirement 34 CFR §668.43(a)(11).

Related HLC Requirements: Core Component 2.A and Assumed Practice A.5.D.

Practices for Verification of Student Identity

11. Does the institution have students enrolled in distance or correspondence courses, as defined in federal definitions?

Yes

No

12. How does the institution verify the identity of students enrolled in these courses?

NPC Student Verification Procedure

At times a student may need to verify their identity before action can be taken that will impact their college record. This can happen online, in-person, or by phone. By following the procedure outlined below, NPC staff can provide consistent service and security to students.

Online: Verifying a student's identity online occurs by providing students with a username and default password. New students that have enrolled at NPC for any session after May 11, 2009, will receive a password using their Date of Birth in the following format: dd-Mmm-yy. If a student calls the support center to have their password reset, it will be reset to this format. A student's user name will be in the format of first initial, last name, with a possible number. Students can also refer to their Student Data Sheet for this information.

In-Person: There may be times when students are asked to verify their identity in person. This is especially true when an NPC staff member is unfamiliar with the student in question. When this happens, there are multiple methods of verifying their identity:

- Ask to see their NPC student ID and verify that the name and ID number match the name and ID number in Jenzabar. If it is a photo ID, verify that the picture matches the student.
- Ask to see their driver's license or another form of ID and verify that the personally identifiable information (name, social security number, date of birth, etc.) matches data in Jenzabar.

If the student's name and student ID number and/or photo/personally identifiable information matches the data in Jenzabar, then their identity is considered verified. If the above information does not match data in Jenzabar, then additional information may need to be confirmed using the "By Phone" verification method described below.

By Phone: When a student calls NPC to conduct business over the phone, this can be done by verifying a minimum of four out of six pieces of personally identifiable information: name, last 4 digits of social security number, student ID number, date of birth, address, and phone number. If a piece of information does not match our records, they can still verify their identity by providing four of the other pieces of information listed above. This allowance is made because addresses and phone numbers can change, social security numbers may have been recorded incorrectly, etc. A student may not know their student ID number, so they can provide four of the other five possible pieces of information. Once a student's identity has been verified, their student ID number may be disclosed to them. If any information appears to be incorrect, or if there are not four available pieces of information to verify, students can then be transferred to the Records and Registration Office for assistance in updating the appropriate records.

13. Are there any additional costs (e.g., fees associated with test proctoring) charged directly to the student because of this method?

Yes

No

14. What are these additional costs?

N/A - There are no additional costs to students associated with verification of student identity.

15. How are the additional costs disclosed to students prior to enrollment in a distance or correspondence course?

N/A - There are no additional costs to students associated with verification of student identity.

Provide copies of the disclosures and the web address where the public can access such information as **Appendix G**.

16. How does the method of verification make reasonable efforts to protect student privacy?

Username and passwords are only provided to the individual students themselves, ensuring that they are the only ones that can use the information to access online courses or other college resources. NPC's Student Code of Conduct (Procedure 2625) prohibits the "unauthorized use of another's identification and password." By verifying four data elements in-person or by phone, the college has a reasonable expectation that the student is who they say they are. This allows us to assist students with a variety of services while providing assurance that student privacy is maintained.

For more information see Federal Requirement 34 CFR §602.17(g).

Related HLC Requirement: Core Component 2.A.

Title IV Program Responsibilities

This requirement has several components the institution must address. The institution staff compiling this information should work with the financial aid office and the chief financial officer or comptroller. For more information see Federal Requirement 34 CFR §602.16(a)(1)(x).

17. General Program Responsibilities

- a. What is the current status of the institution's Title IV program (e.g., recertified on date x, provisionally certified on date x, etc.)?

Northland Pioneer College's Title IV program was recertified on 12/3/2015. Program Participation Agreement effective 1/4/2016 - 9/30/2021.

- b. When was the institution's most recent Title IV program review?

Northland Pioneer College's Title IV program reviews occur annually as part of the college's financial audit performed by the Arizona State Auditor General's Office. NPC's recent financial audits have received unmodified opinions and have not included any findings in the areas of financial aid.

- c. Has the institution been audited or inspected by the Office of the Inspector General of the U.S. Department of Education since the last comprehensive evaluation by HLC?

Yes

No

- d. Attach the most recent Title IV program review, or other inspection or audit reports since the last comprehensive evaluation by HLC, as **Appendix H**.

- e. List any limitation, suspension or termination actions imposed on the institution by the U.S. Department of Education (hereafter referred to as "the Department") since the last comprehensive evaluation by HLC and the reason for such actions.

No limitations, suspensions, or termination actions have been imposed on Northland Pioneer College.

- f. List any fines, letters of credit or heightened monitoring imposed on the institution by the Department since the last comprehensive evaluation by HLC and the reason for such actions.

No fines, letters of credit, or heightened monitoring has been imposed on Northland Pioneer College.

- g. What response and corrective actions has the institution taken in regard to these Department actions?

N/A - No Department actions have been taken that require a response or corrective action from Northland Pioneer College.

- h. What are the consequences of these challenges for the institution's short- and long-term financial health?

N/A - There are no negative consequences to Northland Pioneer College due to additional Department requirements, restrictions, or monitoring.

- i. What are the findings from the OMB Circular A-133 portion of the institution's three most recent audited financial statements, which identifies material weaknesses in the processing of financial aid?

There have not been any findings relating to material weaknesses in the processing of financial aid. (See Single Audit reports in Appendix H - financial aid summaries are typically on page 7).

- j. In which of the following Title IV federal financial aid programs does the institution participate? Select all that apply:

Pell Grant

Federal Family Education Loan

Federal Direct Stafford Loan

Direct PLUS Loan

Federal Supplemental Educational Opportunity Grant

Federal Work Study

Perkins Loans

Academic Competitiveness Grant

Provide all correspondence with the Department and other documents that explain the above responses as **Appendix I**.

For more information see Federal Requirement 34 CFR §668.16.

18. Financial Responsibility Requirements

- a. What were the outcomes of the three most recent Department reviews of the institution's composite ratios and financial audits?

A Department review of the college's composite ratios and financial audit is conducted annually through the Arizona State Auditor General's Office. The audit determines if the financial statements are free of material misstatements and ensures compliance with Arizona Revised Statutes. For the last three years the college's composite financial ratios have been above 8.0 and Financial and Single Audit opinions have been unmodified. (See Appendix J).

NPC's Composite Financial Index (CFI) for the years 2006 to 2015 has been greater than 4.0 and for the last eight years have been greater than 7.0. In 2015, HLC requested the CFI be calculated with and without the new accounting and financial reporting guidelines for pensions adopted in 2015. The District's 2015 CFI including pensions was 7.28 and excluding pensions was 8.42.

- b. Have there been any fines, penalties, letters of credit or other requirements imposed by the Department as a result of these reviews?

No fines, penalties, letters of credit, or other requirements have been imposed on Northland Pioneer College as a result of these reviews.

Note: HLC also annually analyzes each institution's financial ratios to determine whether there might be financial concerns. The peer review team checks with the institution and the HLC staff to determine whether HLC or the Department has previously raised concerns about the institution's finances based on these ratios.

- c. What actions has the institution taken or does it plan to take in response to any concerns raised by HLC or the Department? (*Related HLC Requirements: Core Components 5.A, 2.B; Assumed Practice D.1.*)

N/A - No concerns were raised that require institutional action.

Provide all correspondence with the Department and other documents that explain the above actions as **Appendix J**.

For more information see Federal Requirements 34 CFR 668.15, 34 CFR 668.23, 34 CFR 668.171, 34 CFR 668.173, and 34 CFR 668.174.

Related HLC Requirements: Criterion 5, Core Components A (resources) and B (administrative capacity).

19. Default Rates. The institution should take steps to avoid excessive loan default rates.

Institutions and teams should use the three-year default rate to complete this section.

- a. What are the student loan default rates as provided by the Department for the three years leading up to the visit? (Institutions with evaluations after September must include the most recent cohort default rate in the Federal Compliance Filing or ensure that the most recent rate is provided to the team on-site if the rate was not available when the Federal Compliance Filing was submitted.)

Year 1: 0 - NPC has chosen not to participate in student loan programs.

Year 2: 0 - NPC has chosen not to participate in student loan programs.

Year 3: 0 - NPC has chosen not to participate in student loan programs.

- b. If the institution's default rates are higher than those of its peer institutions, if the institution's rates are rising, or if the rates have exceeded Departmental thresholds or triggered a Department review, what actions has the institution taken in response?

N/A - NPC has chosen not to participate in student loan programs.

Provide any correspondence with the Department related to default rates and any default rate management plan required by the Department as **Appendix K**.

- c. Does the institution participate in private loan programs or any loan services that it provides to students directly or that a related corporation provides to its students?

Yes

No

If yes, provide a list of companies that provide loan services to the institution's students and explain the relationship of these companies to the institution.

N/A - NPC doesn't participate in private loan programs or any other student loan services.

Provide samples of the loan agreements and disclosure information as **Appendix L**.

For more information see Federal Requirements 34 CFR §668.201, §668.204, and §668.217.

Related HLC Requirements: HLC Criterion 2, Core Component A (integrity); Criterion 5, Core Components A (resources) and B (administrative capacity); Assumed Practices D.1–5.

20. Campus Crime Information, Athletic Participation and Financial Aid, and Related Disclosures. Title IV responsibilities include the legal obligation to disclose information to students and to the public about campus crime, athletic participation and financial aid.

- a. What administrator or office on campus is responsible for ensuring that these disclosures are regularly compiled and published and that the data are accurate?

Title IV required disclosures and statistics are divided into two categories when being compiled, reviewed for accuracy, and published: 1) Campus Crime Statistics (CCS) and 2) financial aid disclosures. The Institutional Effectiveness Office gathers crime statistics with the help of local police departments. These disclosures are published on the college's website and are also available to the public by contacting the Office of the Vice President for Learning and Student Services. Financial aid disclosures are made available on the college's website and many are contained in the Student Rights and Responsibilities section of the College Catalog as well.

- b. Has the institution been the subject of any federal investigation related to any of the required disclosures listed in question 20?

Yes

No

- c. Does the institution have any findings from the Department regarding these disclosures?

Yes

No

Explain any findings related to any of the required disclosures listed in question 20 and corrective action plans the institution may have put together to remedy the findings.

N/A - There have been no findings related to required disclosures and corrective action plans have not been needed.

- d. Provide copies of the information disclosed to students and provide the web address where this information is made available to the public as **Appendix M**.

For more information see Federal Requirements 34 CFR §668.40, 668.41, 668.42, 668.43, 668.44, 668.46, and 668.49.

21. Student Right to Know/Equity in Athletics. Title IV responsibilities require that institutions provide to students and the public graduation/completion rates for the student body by gender, ethnicity, receipt of Pell grants and other data as well as information about the process for withdrawing as a student, cost of attendance, policies on refund and return of Title IV financial aid, current academic programs and faculty, names of applicable accrediting agencies, description of facilities for disabled students, and the institution's policy on enrollment in study abroad. In addition, certain institutions need to disclose their transfer-out rate. Also, institutions with athletic programs are required to disclose athletic participation rates and financial support data.

- a. What administrator or office on campus is responsible for ensuring that these disclosures are regularly compiled and published and that the data are accurate?

It is the responsibility of the Director of Financial Aid in coordination with the Institutional Effectiveness Office and other academic departments to regularly compile, check for accuracy, and publish disclosures relating to graduation/completion rates, the student withdrawal process, costs of attendance, current programs and faculty, accrediting agencies, descriptions of facilities, study abroad, financial aid refunds and returns to Title IV.

- b. Has the institution been the subject of any federal investigation related to any of the required disclosures listed in question 21?

Yes

No

- c. Does the institution have any findings from the Department regarding these disclosures?

Yes

No

- d. Explain any findings related to any of the required disclosures listed in question 21 and corrective action plans the institution may have put together to remedy the findings.

N/A - There have been no findings related to required disclosures and corrective action plans have not been needed.

- e. Attach copies of the information disclosed to students and provide the web address where this information is made available to the public as **Appendix N**.

For more information see Federal Requirements 34 CFR §668.41, 668.45, 668.48, and 668.8.

Related HLC Requirement: Assumed Practice A.6.

22. Satisfactory Academic Progress and Attendance Policies. The institution is required to have a Satisfactory Academic Progress policy and an attendance policy as part of the Title IV program.

a. Are these policies readily available to students?

Yes

No

b. Do they satisfy state or federal requirements?

Yes

No

c. Does the institution have any findings from the Department regarding these disclosures?

Yes

No

Explain any findings related to any of the required disclosures listed in question 22 and corrective actions that may have been required by the Department related to these findings.

N/A - there have been no findings related to the disclosure of Satisfactory Academic Progress (SAP) or Attendance Policies and corrective action plans have not been needed.

d. Attach copies of the information disclosed to students and provide the web address where this information is made available to the public as **Appendix O**.

e. Are the policies being appropriately applied by the institution in individual student situations?

Note: HLC does not necessarily require that the institution take attendance unless required to do so by state or federal regulations but does anticipate that institutional attendance policies provide information to students about attendance at the institution.

Yes

No

For more information see Federal Requirement 34 CFR §668.34.

Related HLC Requirements: Criterion 3, Core Component A; Assumed Practice A.5.

23. Contractual Relationships. List any contracts related to academic programs with third-party entities not accredited by a federally recognized accrediting agency. Attach as **Appendix P**. Include the name of the provider, the name of the relevant academic program, what the provider does, the dates when the relationship starts and ends, and the date it was approved by HLC if required.

(The institution should have previously disclosed to HLC all existing contracts and received approval for those contracts as required by HLC policy. Institutions can see the list of HLC-approved contractual arrangements on its *Institutional Status and Requirements (ISR) Report*. HLC's substantive change policy requires that the institution notify HLC of any new contracts for up to 25 percent of an academic program, that the institution obtain prior HLC approval before initiating any contract for 25 to 50 percent of a program, and that HLC approve contracts for more than 50 percent of a program only in exceptional circumstances under strict scrutiny.)

For more information see Federal Requirements 34 CFR §668.5 and 602.22(a)(2)(vii).

Related HLC Requirements: Assumed Practices A.10–11.

24. Consortial Relationships. List any consortial relationships with other entities accredited by a federally recognized accrediting agency. Attach as **Appendix Q**. Include the name of the provider, the name of the relevant academic program, what the provider does, the dates when the relationship starts and ends, and the date it was approved by HLC if required.

(The institution should have previously disclosed to HLC all existing consortiums and received approval for those consortial arrangements as required by HLC policy. Institutions can see the list of HLC-approved consortial arrangements on its *Institutional Status and Requirements (ISR) Report*. HLC's substantive change policy requires that the institution notify HLC of any new consortiums for up to 25 percent of an academic program, that the institution obtain prior HLC approval before initiating any consortiums for 25 to 50 percent of a program, and that HLC approve consortiums for more than 50 percent of a program only in exceptional circumstances under strict scrutiny.)

For more information see Federal Requirement 34 CFR §668.5.

Related HLC Requirements: Assumed Practices A.10–11.

Required Information for Students and the Public

25. Provide course catalogs and student handbooks. Attach as **Appendix R**.
26. Which sections of the institution's website include required disclosure information? Provide the webpage name and link for each.
- NPC provides consumer information to current and prospective students and others through web-based brochures, the online College Catalog, and college website.
- 1) Financial aid information – aid programs, application information, distribution of aid, Return to Title IV, student rights and responsibilities, Federal Work Study, loan repayment, satisfactory academic progress (see www.npc.edu/financial-aid/scholarships)
 - 2) General Information: NPC History, Accreditation, Administration, NPC Mission Statement, Public Notices, NPC site locations (See the NPC website/About NPC)
 - 3) Student right to know: Information on completion/graduation rates for general student body: (See www.npc.edu/student_outcomes_data) Information on completion/graduation rates for student athletes – N/A None to report, NPC does not participate in collegiate athletic programs.
 - 4) Equity in Athletics Disclosure Act – NPC does not participate in collegiate athletic programs but has several student activities, clubs and organizations: Student Government Association (SGA), Phi Theta Kappa (PTK), Outdoor Club, Eagle Club, Student Ambassadors, (See www.npc.edu/student-services/activities-organizations-clubs)
 - 5) Drug and alcohol abuse prevention information: (See www.npc.edu/procedure-2624)
 - 6) Clery (Campus Security) Act: Crime Statistics, Campus Security Plan, Alcohol and Drug Policy. (See www.npc.edu/about-npc/campus-security, www.npc.edu/Crime-Statistics, and www.npc.edu/about-npc/campus-security/alcohol-and-drug-policy)
 - 7) Family Education Rights and Privacy Act (FERPA): (See www.npc.edu/FERPA-rights)
 - 8) Availability of employees for information dissemination: NPC staff are available during normal business hours and during extended registration hours. (See www.npc.edu/office-hours).
 - 9) Services available to disabled students: (See www.npc.edu/dra)
 - 10) Cost of attendance: tuition and fees, books and supplies, room and board, personal and miscellaneous expense and transportation. (See www.npc.edu/net-price-calculator and www.npc.edu/tuition-fees)
 - 11) Degree programs: transfer degrees and vocational program. (See www.npc.edu/associate-degree, www.npc.edu/associate-applied-science, and www.npc.edu/associate-general-studies-ags)
 - 12) GED program: GED Orientation, Test Dates, Requirements. (See www.npc.edu/GED)

- 13) Constitution and Citizenship Day: NPC provides information regarding Constitution and Citizenship awareness on September 17th of each year. (See www.npc.edu/events/2017/09/constitution-day)
27. What policies and processes does the institution have in place to ensure required information for current and prospective students about institutional programs, fees, policies and related required information is accurate, timely and appropriate? Attach copies of these policies and procedures as **Appendix S**.

For more information see Federal Requirement 34 CFR §602.16(a)(1)(vii).

Related HLC Requirements: Core Component 2.A, 2.B; Assumed Practice A.5.

Advertising and Recruitment Materials and Other Public Information

28. Do the institution's advertisements and recruiting materials provide accurate, timely and appropriately detailed information to current and prospective students, and is information about the institution's accreditation status with HLC and other accrediting agencies clear and accurate? If the institution has been placed on a sanction or its programmatic accreditation has been withdrawn, do the disclosures accurately explain this information?

Yes

No

Provide copies of these advertising and recruiting materials as **Appendix T**.

29. Which sections of the institution's website include advertising and recruiting information? Provide the webpage name and link for each.

Sections of the Admissions and Degrees & Courses menu options on NPC's website include advertising and recruiting information.

Admissions: Career Guide - www.npc.edu/sites/files/shared/NPC_CareerGuide16_17.pdf; Information for Parents - www.npc.edu/admissions/information-parents; College Credit in High School - www.npc.edu/college-credit-high-school; and International Student Admissions - www.npc.edu/admissions/international-student-admissions

Degrees & Courses: What We Offer - www.npc.edu/degrees-courses; Divisions, Departments, & Programs - www.npc.edu/Divisions_Departments_Programs; Associate Degrees - www.npc.edu/associate-degree; Certificates - www.npc.edu/courses/certificate; and Adult Education & GED - www.npc.edu/degrees-courses/adult-education-ged.

30. What policies and processes does the institution have in place to ensure advertising and recruiting information to current and prospective students about its programs, locations and policies is accurate, timely and appropriate? Provide copies of these policies and procedures as **Appendix U**.
31. What webpage displays the Mark of Affiliation on the institution's website? Provide a link.

NPC's accreditation webpage displays the mark of affiliation: <http://www.npc.edu/about-npc/accreditation>

For more information see Federal Requirements 34 CFR §602.16(a)(1)(vii) and 602.23(d).

Related HLC Requirements: Core Component 2.B; Assumed Practices A.5, A.7.

Review of Student Outcome Data

Institutions in their program review and institutional improvement processes are required to consider student outcome or performance data on the full range of their offerings where such data are available. Data can be at the institutional or the program level. Student achievement data typically include retention rates, graduation rates, licensure exam pass rates, employment rates, acceptance to further study or other similar information.

32. How does the institution gather or receive information about student outcomes from academic programs across the institution?

Student outcomes data contained in the college's Student Information System, Jenzabar, is compiled routinely by Research Analysts in the Institutional Effectiveness (IE) Office. These data include retention, persistence, completion, and course success rates. External data are collected by both IE and by the appropriate academic department requiring the data. External data collected departmentally include licensure exam pass rates and some employment rates. External data collected by IE include university transfer rates and some employment rates.

33. List the types of student outcome data available to the institution:

See Appendix V or attach as **Appendix V**.

34. Explain how information about student outcomes informs planning, academic program review, assessment of student learning, consideration of institutional effectiveness, and other topics.

Student outcome data are reviewed by the college's Strategic Planning and Accreditation Steering Committee (SPASC), the Executive Team, the Quality Initiative Team, Assessment of Student Knowledge (ASK), faculty groups, and other shared governance participants. As these groups evaluate the effectiveness of college programs, student outcome data help drive decisions related to planning, future assessment opportunities, and supporting budgets. These efforts not only impact institutional priorities, but also the culture of the college.

For more information about how student outcome data influences planning, academic program review, assessment of student learning, and institutional effectiveness, see criterion 3 and 4 in NPC's assurance argument.

35. The federal government is increasingly concerned that institutions and accreditors are taking into account federal metrics in the review of student outcome data. These metrics are best found in the [College Scorecard](#).

Explain how information from the Scorecard is incorporated in the institution's review of its student outcome data. Please note the loan repayment rate identified on the Scorecard and explain how the institution uses this metric in its review of its own data.

While NPC's College Scorecard is not believed to be a true reflection of the college's student outcomes due to the limited reporting criteria involved, the college also recognizes the public perception that the Scorecard creates and uses this data to help set strategic priorities for the institution. An example of this dilemma can be seen by the Scorecard identifying NPC as having 72% of its student body as part-time while key performance indicators on the Scorecard such as graduation and retention are based solely on full-time students. Regardless of the applicability of the Scorecard, NPC identified graduation and retention as a relative weakness and have joined HLC's Persistence and Completion Academy as a way to improve on these deficiencies.

NPC does not participate in student loan programs and have no loan repayment rate listed on the College Scorecard.

For more information see Federal Requirement 34 CFR 602.16(a)(1)(i).

Related HLC Requirements: Core Components 4.A–C; Assumed Practice C.6, C.7.

Publication of Student Outcome Data

Student outcome data should be made available to the public through the institution’s website—for instance, linked to from the institution’s home page, included within the top three levels of the website or easily found through a search of related terms on the website—and should be clearly labeled as such. Any technical terms in the data should be defined, and any necessary information on the method used to compile the data should be included. Data may be provided at the institutional or department level or both, but the institution must disclose student outcome data that address the broad variety of its programs.

36. Are student outcome data published on the institution’s website following the specifications above?

Yes

No

37. How does the institution ensure that the publication of these data accurately reflects the range of programs at the institution?

NPC displays student outcome data for not only IPED’s statistics, but also for even broader Arizona Strategic Vision student cohorts. Unlike IPED’s cohorts which only represent a fraction of our student body, the Vision cohort includes both full-time and part-time students and more accurately reflects the range of programs at the institution.

38. Provide a link to the webpage(s) that contains the student outcome data.

Student outcome data can be found at www.npc.edu/student_outcomes_data.

Related HLC Requirement: Assumed Practice A.6.

Standing With State and Other Accrediting Agencies

39. List any relationships the institution has with a specialized, professional or institutional accreditor or with any governing or coordinating bodies in states in which the institution has a presence. Note whether the institution or any of its programs is on a sanction, is provisionally approved or has lost status with any state agency or accrediting body.

NPC does not have specialized accreditation with any single agency the status of which covers one-third or more of either the institution’s offerings or its students nor does it have affiliation with any institutional accrediting body other than the Higher Learning Commission.

The college is, however, subject to the standards and regulations of several external agencies. The college complies with all federal and state requirements including, but not limited to the Higher Education Act, the Family Education Rights and Privacy Act (FERPA), the Student Right-to-Know Act, the Americans with Disabilities Act (ADA), the Fair Labor Standards Act, the Drug-Free Schools and Communities Act, and the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (the Clery Act).

NPC’s Nursing program is approved by the Arizona State Board of Nursing.

NPC’s Paramedicine program is certified by the Arizona Department of Health Services.

NPC’s Fire Science program uses the state-approved Arizona Fire Safety Committee curriculum in its program.

NPC's Cosmetology program is licensed by the Arizona State Board of Cosmetology. Industrial Maintenance and Operations, Welding, and Construction Technology all comply with the curriculum and standards of the National Center for Construction Education and Research (NCCER). NPC's Welding program is also accredited through the American Welding Society (AWS). NPC's Education department provides courses for teacher certification requirements as regulated by the Arizona Department of Education.

Provide the most recent comprehensive evaluation report and action letter from each institutional or specialized accrediting agency as well as any interim monitoring prepared for that agency. Attach as **Appendix W**.

40. Explain how the institution makes its standing with state agencies and accrediting bodies available to students. Provide samples of those disclosures as **Appendix X** and indicate the web address where students and the public can find these disclosures.

For more information see Federal Requirements 34 CFR §602.28, 34 CFR 668.41, and 668.43.

Related HLC Requirements: Core Component 2.B; Assumed Practices A.7, C.4.

Public Notification of Opportunity to Comment

Local newspapers, institutional websites and alumni magazines are appropriate choices of media in which to solicit public comments. Notices of the opportunity to comment should reach all constituencies but should not unduly burden the institution. Notices of the visit should be published following the format prescribed in the [Procedure on Third-Party Comments](#).

Notices should include:

- The purpose and dates of the visit.
- The institution's accreditation status with HLC.
- An invitation to send written, signed comments directly to HLC.
- Contact information for HLC.

Notices should specify that comments must be sent to HLC no later than four weeks before the start of the visit.

In cases where comments are of a sensitive nature, HLC ensures that the commenter is aware that comments are typically forwarded to the institution and the evaluation team with identifying information intact. In some cases, HLC may redact the identifying information of the commenter or summarize the comment.

41. Submit a list of constituencies that have received the notice of opportunity to comment. (These groups may include students, parents, alumni, taxpayers, donors, community groups and local businesses.)

The following constituents will receive a notice of opportunity to comment six months before the comprehensive evaluation visit: students, parents, alumni, taxpayers, donors, community members and groups, local businesses, and local school districts.

42. What media did the institution use to solicit comments?

Notification will go out to the public six months before the comprehensive evaluation visit using the standard media channels available:

1. WHITE MOUNTAIN INDEPENDENT NEWSPAPER
2. TRIBUNE-NEWS & SNOWFLAKE HERALD NEWSPAPERS

3. NAVAJO TIMES
4. NAVAJO-HOPI OBSERVER
5. KINO RADIO
6. KNNB RADIO
7. COUNTRY MOUNTAIN AIRWAVES [KQAZ/KTHQ/KNKI RADIO]
8. KWKM RADIO
9. WHITE MOUNTAIN RADIO
10. NPC WEB SITE
11. NPC ADMINISTRATORS, FACULTY, AND STAFF (ALL-NPC EMAIL)
12. NPC FACULTY ASSOCIATION PRESIDENT
13. NPC CLASSIFIED AND ADMINISTRATIVE SUPPORT ORGANIZATION PRESIDENT
14. NPC STUDENT GOVERNMENT ASSOCIATION PRESIDENT (ALL-STUDENT EMAIL)

43. Copies of the institution's notices must be sent in PDF format to HLC (legalaffairs@hlcommission.org) at least one month before the comprehensive evaluation visit. The comments and notices are compiled by HLC staff members and sent to the evaluation team and the institution three weeks prior to the visit. As third-party comments are an important part of the comprehensive evaluation, HLC also reviews and forwards comments received after the deadline lapses and even during the visit. Attach a copy of the notices as **Appendix Y**.

Competency-Based Programs Including Direct Assessment Programs / Faculty-Student Engagement

44. Does the institution offer any direct assessment programs, as defined in 34 CFR §668.10?

Yes

No

Note: HLC policy and federal regulations require that direct assessment programs be reviewed and approved by the accrediting agency before they are initiated. Contact your HLC liaison if the institution offers direct assessment programs that have not been approved by HLC.

45. Does the institution offer any competency-based programs?

Yes

No

Note: The definition of competency-based and direct assessment programs (as taken from 34 CFR §668.10) can be found on the substantive change application for new competency-based or direct assessment programs.

46. Provide a list of direct assessment or competency-based programs offered by the institution.

N/A - NPC doesn't offer direct assessment or competency-based programs.

47. How does the institution ensure that faculty in these programs regularly engage with students?

Please respond to the following questions:

- a. Do the faculty members initiate communication on some regular basis with the students in the course(s)? If yes, provide examples of how and when this occurs in each program.

N/A - NPC doesn't offer direct assessment or competency-based programs.

- b. Do the students have a responsibility to initiate communication with the faculty members on some regular basis that is at least equivalent to contact in a traditional classroom? If yes, provide examples of how and when this occurs.

N/A - NPC doesn't offer direct assessment or competency-based programs.

- c. Describe the manner in which faculty respond to questions from students about the academic content of the program. Describe the interaction between faculty and students about demonstrating competencies in the program material.

N/A - NPC doesn't offer direct assessment or competency-based programs.

- d. Demonstrate that in the tasks mastered to assure competency, faculty and students interact about critical thinking, analytical skills, written and oral communication abilities, etc., in the context of the course(s) in question with appropriate guidance by faculty.

N/A - NPC doesn't offer direct assessment or competency-based programs.

- e. Demonstrate that in the tasks mastered to assure competency, faculty and students interact about core ideas, important theories, current knowledge, etc., in the context of the course(s) in question with appropriate guidance by faculty.

N/A - NPC doesn't offer direct assessment or competency-based programs.

List of Appendixes

Please read each section of this document carefully for instructions on the information and material to be included in these appendixes. Appendixes displayed in italics are optional; the institution may provide the required information either by entering it into this form or by attaching it as an appendix.

Assignment of Credits, Program Length and Tuition

Appendix A..... [Worksheet for Institutions on the Assignment of Credit Hours and Clock Hours](#)

Institutional Records of Student Complaints

Appendix B..... Institutional complaint policy and procedure, and web address

Appendix C Complaints received since last comprehensive evaluation and their resolutions

Publication of Transfer Policies

Appendix D Published transfer policies

Appendix E..... List of articulation agreements, and web address

Appendix F..... Evidence that decisions regarding transfer align with disclosed policy

Practices for Verification of Student Identity

Appendix G Disclosures of additional costs related to verification, and web address

Title IV Program Responsibilities

Appendix H Most recent program review or other inspection or audit reports since last comprehensive evaluation

Appendix I..... Correspondence with the Department and other documents explaining the institution's general program responsibilities

Appendix J Correspondence with the Department and other documents explaining the institution's actions in response to concerns regarding its financial responsibility requirements

- Appendix K..... Correspondence with the Department related to default rates and any required default rate management plan
- Appendix L..... Samples of loan agreements and disclosure information
- Appendix M..... Disclosures to students about campus crime information, athletic participation and financial aid, and web address
- Appendix N Disclosures to students required by student right to know/equity in athletics responsibilities, and web address
- Appendix O Disclosures to students about satisfactory academic progress and attendance policies, and web address
- Appendix P..... List of contractual relationships
- Appendix Q List of consortial relationships

Required Information for Students and the Public

- Appendix R Course catalogs and student handbooks
- Appendix S..... Policies and procedures to ensure required information is accurate, timely and appropriate

Advertising and Recruitment Materials and Other Public Information

- Appendix T..... Advertising and recruiting materials
- Appendix U Policies and procedures to ensure advertising and recruiting information is accurate, timely and appropriate

Review of Student Outcome Data

- Appendix V..... Types of student outcome data available to the institution*

Standing With State and Other Accrediting Agencies

- Appendix W..... Comprehensive evaluation reports and action letters from and interim monitoring prepared for institutional and specialized accrediting agencies
- Appendix X..... Sample disclosures of institution’s standing with state agencies and accrediting bodies, and web address

Public Notification of Opportunity to Comment

- Appendix Y..... Notices of opportunity to comment

REQUEST TO APPROVE EXTERNAL HEARING OFFICERS, Procedure 2755

Recommendation:

Staff recommends the approval of the list of external Hearing Officers under Procedure 2755, Discipline of Employees.

Summary:

College Procedure 2755 requires that the District Governing Board approve a list of acceptable hearing officers on an annual basis (Procedure 2755, ll.C). The approval of acceptable external hearing officers will be used for calendar year 2018. The list of Hearing Officers is provided by the college attorney and these individuals have agreed to serve if called on.

NORTHLAND PIONEER COLLEGE

List of Hearing Officers/Investigators

- **Rod McDougall, Esq.**
6739 North 2nd Avenue
Phoenix, AZ 85013-1206
(602) 274-0522
Pinetop: (928) 367-5568
- **Don Peters**
PETERS, CANNATA & MOODY PLC
3030 North Third St., Suite 905
Phoenix, Arizona 85012
602 248 2900
- **Pierce Coleman**
2020 North Central Ave., Suite 670
Phoenix, AZ 85004
Office 602-772-5506
Justin Pierce direct line 602-772-5507
- **C. Benson Hufford**
Hufford Horstman Mongini Parnell & Tucker, PC
Tucson, Arizona (also has an office in Flagstaff)
928-226-0000
- **Prudence Lee**
1023 E. Country Gables Dr.
Phoenix, AZ 85022
602-758-9914
- **Clyde Dangerfield**
Cantelme & Brown, PLC. 3003 N. Central Ave., Suite 600
Phoenix, AZ 85012
602-281-6859

Request to Approve the renewal of VMWare annual maintenance contracts

Recommendation:

Staff recommends an approval to renew the existing VMWare annual contract from SHI International Corp for a price of \$67,659.58 which includes sales tax. The request is a capital budgeted item and purchased within the AZ Cooperative contracts. SHI was the best price performer from a multiple quote process.

Summary:

This budgeted renewal for VMWare supports 99% of our server environment (approx. 200 servers) involving both the PDC and WMC data centers. VMWare continues to provide reduced physical infrastructure, high availability and consolidated maintenance costs.



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SHI International Corp
 290 Davidson Ave
 Somerset, NJ 08873 / Phone: 602-515-9436 / Lynn_Farmer@SHI.com
 Contract Name: Technology, Products & Services
 Use Tax _____ 1099 _____
 NPC IDENTIFICATION NUMBER _____

P.O. NUMBER _____
Ernie Hess
 Ernie Hess (Jan 9, 2018) Date Jan 9, 2018
 ORIGINATOR / BUDGET MANAGER
 _____ Date / /
 BUDGET MANGER / DEAN / DIRECTOR
[Signature]
 [Signature] (9, 2018) Date Jan 9, 2018
 VICE PRESIDENT (Required for Purchases \$10,000 & Above)
 _____ Date / /
 PRESIDENT (Required for Purchases \$25,000 & Above)
 _____ Date / /
 BOARD APPROVAL (Required for \$50,000 & Above)

GIVE FULL AND COMPLETE PARTICULARS FOR EACH ITEM REQUESTED

QTY	DETAILED DESCRIPTION	UNIT PRICE	AMOUNT	ACCOUNT NUMBER
Multi	Multiple Items	Multi	63769 63	50 - 5070 - 5615 - 10
	Quotation #: 14664979			- - -
	VMWARE Annual Maintenance Contract			- - -
	Coverage Term: 1/2/2018 – 1/31/2019			- - -
	Contract #: 16076-RFP			- - -
				- - -
				- - -
				- - -
				- - -
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				- - -
				- - -
				- - -
				- - -
				- - -
				- - -
			SUB TOTAL	63769 63
			<input type="checkbox"/> SALES / <input type="checkbox"/> USE TAX	3889 95
			FREIGHT	
			TOTAL	67659 58

COMMENTS/SPECIAL INSTRUCTIONS:

All vendors for service, equipment rentals, and leases must have a W-9 compliance form on file with the NPC Business Office. If the vendor is not listed on the 1099 listing, a completed W-9 form must be attached to the requisition. MPR 5/14-Marketing/Forms/Business Office

DISTRIBUTION: BUSINESS OFFICE – White & Yellow; BUDGET MANAGER / DEAN / DIRECTOR / REQUISITIONER – Pink



Pricing Proposal
 Quotation #: 14664979
 Created On: 1/8/2018
 Valid Until: 1/31/2018

Northland Pioneer College

Inside Account Manager

Ernest Hess
 AZ 86025
 United States
 Phone: (928) 532-6769
 Fax:
 Email: ernest.hess@npc.edu

Phil Spina
 290 Davidson Ave
 Somerset, NJ 08873
 Phone: 732-868-8795
 Fax:
 Email: Phil_Spina@shii.com

All Prices are in US Dollar (USD)

	Product	Qty	Your Price	Total
1	Production Support Coverage Academic VMware Horizon Enterprise Edition: 10 Pack (Named Users) VMware - Part#: HZ-ENTN-10-P-SSS-C Contract Name: Technology, Products & Services Contract #: 16076-RFP Serial #: 148614444 Coverage Term: 1/2/2018 – 1/31/2019	1	\$880.81	\$880.81
2	Production Support Coverage Academic VMware Horizon Enterprise Edition: 10 Pack (Named Users) VMware - Part#: HZ-ENTN-10-P-SSS-C Contract Name: Technology, Products & Services Contract #: 16076-RFP Serial #: 148614443 Coverage Term: 1/2/2018 – 1/31/2019	1	\$880.81	\$880.81
3	Production Support Coverage Academic VMware Horizon Enterprise Edition: 10 Pack (Named Users) VMware - Part#: HZ-ENTN-10-P-SSS-C Contract Name: Technology, Products & Services Contract #: 16076-RFP Serial #: 148614442 Coverage Term: 1/2/2018 – 1/31/2019	1	\$880.81	\$880.81
4	Production Support Coverage Academic VMware Horizon Enterprise Edition: 10 Pack (Named Users) VMware - Part#: HZ-ENTN-10-P-SSS-C Contract Name: Technology, Products & Services Contract #: 16076-RFP Serial #: 148614441 Coverage Term: 1/2/2018 – 1/31/2019	1	\$880.81	\$880.81
5	Production Support Coverage Academic VMware Horizon Enterprise Edition: 10 Pack (Named Users) VMware - Part#: HZ-ENTN-10-P-SSS-C Contract Name: Technology, Products & Services Contract #: 16076-RFP Serial #: 148614440 Coverage Term: 1/2/2018 – 1/31/2019	1	\$880.81	\$880.81

6	Production Support Coverage Academic VMware Horizon Enterprise Edition: 10 Pack (Named Users) VMware - Part#: HZ-ENTN-10-P-SSS-C Contract Name: Technology, Products & Services Contract #: 16076-RFP Serial #: 148614439 Coverage Term: 1/2/2018 – 1/31/2019	1	\$880.81	\$880.81
7	Production Support Coverage Academic VMware Horizon Enterprise Edition: 10 Pack (Named Users) VMware - Part#: HZ-ENTN-10-P-SSS-C Contract Name: Technology, Products & Services Contract #: 16076-RFP Serial #: 148614438 Coverage Term: 1/2/2018 – 1/31/2019	1	\$880.81	\$880.81
8	Production Support Coverage Academic VMware Horizon Enterprise Edition: 10 Pack (Named Users) VMware - Part#: HZ-ENTN-10-P-SSS-C Contract Name: Technology, Products & Services Contract #: 16076-RFP Serial #: 148614437 Coverage Term: 1/2/2018 – 1/31/2019	1	\$880.81	\$880.81
9	Production Support Coverage Academic VMware Horizon Enterprise Edition: 10 Pack (Named Users) VMware - Part#: HZ-ENTN-10-P-SSS-C Contract Name: Technology, Products & Services Contract #: 16076-RFP Serial #: 148614436 Coverage Term: 1/2/2018 – 1/31/2019	1	\$880.81	\$880.81
10	Production Support Coverage Academic VMware Horizon Enterprise Edition: 10 Pack (Named Users) VMware - Part#: HZ-ENTN-10-P-SSS-C Contract Name: Technology, Products & Services Contract #: 16076-RFP Serial #: 148614435 Coverage Term: 1/2/2018 – 1/31/2019	1	\$880.81	\$880.81
11	Production Support Coverage Academic VMware Horizon Enterprise Edition: 10 Pack (Named Users) VMware - Part#: HZ-ENTN-10-P-SSS-C Contract Name: Technology, Products & Services Contract #: 16076-RFP Serial #: 148614434 Coverage Term: 1/2/2018 – 1/31/2019	1	\$880.81	\$880.81
12	Production Support Coverage Academic VMware Horizon Enterprise Edition: 10 Pack (Named Users) VMware - Part#: HZ-ENTN-10-P-SSS-C Contract Name: Technology, Products & Services Contract #: 16076-RFP Serial #: 148614433 Coverage Term: 1/2/2018 – 1/31/2019	1	\$880.81	\$880.81
13	Production Support Coverage Academic VMware Horizon Enterprise Edition: 10 Pack (Named Users) VMware - Part#: HZ-ENTN-10-P-SSS-C Contract Name: Technology, Products & Services Contract #: 16076-RFP Serial #: 148614432	1	\$880.81	\$880.81

14	Production Support Coverage Academic VMware Horizon Enterprise Edition: 10 Pack (Named Users) VMware - Part#: HZ-ENTN-10-P-SSS-C Contract Name: Technology, Products & Services Contract #: 16076-RFP Serial #: 148614431 Coverage Term: 1/2/2018 – 1/31/2019	1	\$880.81	\$880.81
15	Production Support Coverage Academic VMware Horizon Enterprise Edition: 10 Pack (Named Users) VMware - Part#: HZ-ENTN-10-P-SSS-C Contract Name: Technology, Products & Services Contract #: 16076-RFP Serial #: 148614430 Coverage Term: 1/2/2018 – 1/31/2019	1	\$880.81	\$880.81
16	Production Support Coverage Academic VMware Horizon Enterprise Edition: 10 Pack (Named Users) VMware - Part#: HZ-ENTN-10-P-SSS-C Contract Name: Technology, Products & Services Contract #: 16076-RFP Serial #: 148614429 Coverage Term: 1/2/2018 – 1/31/2019	1	\$880.81	\$880.81
17	Production Support Coverage Academic VMware Horizon Enterprise Edition: 10 Pack (Named Users) VMware - Part#: HZ-ENTN-10-P-SSS-C Contract Name: Technology, Products & Services Contract #: 16076-RFP Serial #: 148614428 Coverage Term: 1/2/2018 – 1/31/2019	1	\$880.81	\$880.81
18	Production Support Coverage Academic VMware Horizon Enterprise Edition: 10 Pack (Named Users) VMware - Part#: HZ-ENTN-10-P-SSS-C Contract Name: Technology, Products & Services Contract #: 16076-RFP Serial #: 148614427 Coverage Term: 1/2/2018 – 1/31/2019	1	\$880.81	\$880.81
19	Production Support Coverage Academic VMware Horizon Enterprise Edition: 10 Pack (Named Users) VMware - Part#: HZ-ENTN-10-P-SSS-C Contract Name: Technology, Products & Services Contract #: 16076-RFP Serial #: 148614426 Coverage Term: 1/2/2018 – 1/31/2019	1	\$880.81	\$880.81
20	Production Support Coverage Academic VMware Horizon Enterprise Edition: 10 Pack (Named Users) VMware - Part#: HZ-ENTN-10-P-SSS-C Contract Name: Technology, Products & Services Contract #: 16076-RFP Serial #: 148614425 Coverage Term: 1/2/2018 – 1/31/2019	1	\$880.81	\$880.81
21	Production Support Coverage Academic VMware Horizon Enterprise Edition: 10 Pack (Named Users) VMware - Part#: HZ-ENTN-10-P-SSS-C Contract Name: Technology, Products & Services	1	\$880.81	\$880.81

Contract #: 16076-RFP
Serial #: 148614424
Coverage Term: 1/2/2018 – 1/31/2019

22	Production Support Coverage Academic VMware Horizon Enterprise Edition: 10 Pack (Named Users) VMware - Part#: HZ-ENTN-10-P-SSS-C Contract Name: Technology, Products & Services Contract #: 16076-RFP Serial #: 148614423 Coverage Term: 1/2/2018 – 1/31/2019	1	\$880.81	\$880.81
23	Production Support Coverage Academic VMware Horizon Enterprise Edition: 10 Pack (Named Users) VMware - Part#: HZ-ENTN-10-P-SSS-C Contract Name: Technology, Products & Services Contract #: 16076-RFP Serial #: 148614422 Coverage Term: 1/2/2018 – 1/31/2019	1	\$880.81	\$880.81
24	Production Support Coverage Academic VMware Horizon Enterprise Edition: 10 Pack (Named Users) VMware - Part#: HZ-ENTN-10-P-SSS-C Contract Name: Technology, Products & Services Contract #: 16076-RFP Serial #: 148614421 Coverage Term: 1/2/2018 – 1/31/2019	1	\$880.81	\$880.81
25	Production Support Coverage Academic VMware Horizon Enterprise Edition: 10 Pack (Named Users) VMware - Part#: HZ-ENTN-10-P-SSS-C Contract Name: Technology, Products & Services Contract #: 16076-RFP Serial #: 148614445 Coverage Term: 1/2/2018 – 1/31/2019	1	\$880.81	\$880.81
26	Production Support Coverage Academic VMware Horizon Enterprise Edition: 100 Pack (Named Users) VMware - Part#: HZ-ENTN-100-P-SSS-A Contract Name: Technology, Products & Services Contract #: 16076-RFP Serial #: 150359840 Coverage Term: 1/2/2018 – 1/31/2019	1	\$8,808.08	\$8,808.08
27	Production Support Coverage Academic VMware Horizon Enterprise Edition: 100 Pack (Named Users) VMware - Part#: HZ-ENTN-100-P-SSS-A Contract Name: Technology, Products & Services Contract #: 16076-RFP Serial #: 150359839 Coverage Term: 1/2/2018 – 1/31/2019	1	\$8,808.08	\$8,808.08
28	Production Support Coverage Academic VMware vSphere 6 Enterprise Plus for 1 processor VMware - Part#: VS6-EPL-P-SSS-A Contract Name: Technology, Products & Services Contract #: 16076-RFP Serial #: 155138321 Coverage Term: 1/2/2018 – 1/31/2019	4	\$879.80	\$3,519.20
29	Production Support Coverage Academic VMware vSphere 6 Enterprise Plus for 1 processor	8	\$879.80	\$7,038.40

VMware - Part#: VS6-EPL-P-SSS-A
 Contract Name: Technology, Products & Services
 Contract #: 16076-RFP
 Serial #: 155133643
 Coverage Term: 1/2/2018 – 1/31/2019

30	Production Support Coverage Academic VMware vSphere 6 Enterprise Plus for 1 processor	12	\$879.81	\$10,557.72
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VMware - Part#: VS6-EPL-P-SSS-A
 Contract Name: Technology, Products & Services
 Contract #: 16076-RFP
 Serial #: 155132539
 Coverage Term: 1/2/2018 – 1/31/2019

31	Production Support Coverage Academic VMware vCenter Server 6 Standard for vSphere 6 (Per Instance)	1	\$1,508.95	\$1,508.95
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VMware - Part#: VCS6-STD-P-SSS-A
 Contract Name: Technology, Products & Services
 Contract #: 16076-RFP
 Serial #: 154712134
 Coverage Term: 1/2/2018 – 1/31/2019

32	Production Support Coverage Academic VMware vCenter Server 6 Standard for vSphere 6 (Per Instance)	1	\$1,508.95	\$1,508.95
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VMware - Part#: VCS6-STD-P-SSS-A
 Contract Name: Technology, Products & Services
 Contract #: 16076-RFP
 Serial #: 154708304
 Coverage Term: 1/2/2018 – 1/31/2019

	Subtotal	\$63,769.63
	*Tax	\$3,889.95
	Total	\$67,659.58

*Tax is estimated. Invoice will include the full and final tax due.

Additional Comments

Please Note: VMware has a zero returns policy.

** Field Account Executive: Lynn Farmer Phone: 602-515-9436 Lynn_Farmer@SHI.Com

Thank you for choosing SHI International Corp! The pricing offered on this quote proposal is valid through the expiration date listed above. To ensure the best level of service, please provide End User Name, Phone Number, Email Address and applicable Contract Number when submitting a Purchase Order. For any additional information including Hardware, Software and Services Contracts, please contact an SHI Inside Sales Representative at (888) 744-4084.

SHI International Corp. is 100% Minority Owned, Woman Owned Business.
 TAX ID# 22-3009648; DUNS# 61-1429481; CCR# 61-243957G; CAGE 1HTF0

The Products offered under this proposal are subject to the SHI Return Policy posted at www.shi.com/returnpolicy, unless there is an existing agreement between SHI and the Customer.

SAM Search Results
List of records matching your search for :

Search Term : shi* international* corp*
Record Status: Active

ENTITY	SHI INTERNATIONAL CORP.	Status:Active
DUNS: 611429481	+4:	CAGE Code: 1HTF0 DoDAAC:
Expiration Date: Jul 20, 2018	Has Active Exclusion?: No	Debt Subject to Offset?: No
Address: 290 DAVIDSON AVE STE 101		
City: SOMERSET	State/Province: NEW JERSEY	
ZIP Code: 08873-4179	Country: UNITED STATES	

Request to Approve the Purchase of Cisco Telepresence solution

Recommendation:

Staff recommends an approval to purchase Cisco Telepresence solution (equipment, hardware, licensing), from CDW-G for a price of \$411,908.07 including sales tax. The pricing and contract adheres to national contract (National IPA Technology Solutions Education) agreements.

Summary:

This purchase will provide essential improvements to internal architecture and design to achieve a future single platform, delivery and communication environment. This project will directly impact and positively affect our classroom learning environments, students, faculty and staff. The Cisco solution follows the model and success demonstrated within the design, application and delivery of the TALON grant solution. The effort support strategic direction and has been met with positive response along with collaboration from instructional design and the academic division of the college. This is the first phase of a three phase rollout across the college enterprise and is a budgeted project purchase.



Northland Pioneer College

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REQUISITION

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CDWG _____

200 N. Milwaukee Avenue _____

Vernon Hills, IL 60061 / Rachel Parker / (866) 708-1693 _____

Contract: National IPA Technology Solutions Education (130733) _____

Use Tax _____ 1099 _____

NPC IDENTIFICATION NUMBER _____

P.O. NUMBER _____
Curtis Stevens _____ Jan 5, 2018
Date

Ernie Hess _____ Jan 5, 2018
Date
 ORIGINATOR / BUDGET MANAGER

_____ Date / /
 BUDGET MANGER / DEAN / DIRECTOR

[Signature] _____ Jan 8, 2018
Date
 VICE PRESIDENT (Required for Purchases \$10,000 & Above)

_____ Date / /
 PRESIDENT (Required for Purchases \$25,000 & Above)

_____ Date / /
 BOARD APPROVAL (Required for \$50,000 & Above)

GIVE FULL AND COMPLETE PARTICULARS FOR EACH ITEM REQUESTED

QTY	DETAILED DESCRIPTION	UNIT PRICE	AMOUNT	ACCOUNT NUMBER
Multi	Multiple Items, See Quote JLJW662	Multi	388226 25	50 - 5070 - 5600 - 10
SUB TOTAL			388226 25	
<input type="checkbox"/> SALES / <input type="checkbox"/> USE TAX			23681 82	
FREIGHT				
TOTAL			411908 07	

COMMENTS/SPECIAL INSTRUCTIONS:
 NPC Video Classroom Project

All vendors for service, equipment rentals, and leases must have a W-9 compliance form on file with the NPC Business Office. If the vendor is not listed on the 1099 listing, a completed W-9 form must be attached to the requisition. MPR 5/14-Marketing/Forms/Business Office

DISTRIBUTION: BUSINESS OFFICE – White & Yellow; BUDGET MANAGER / DEAN / DIRECTOR / REQUISITIONER – Pink

QUOTE CONFIRMATION



DEAR CURTIS STEVENS,

Thank you for considering CDW•G for your computing needs. The details of your quote are below. Click [here](#) to convert your quote to an order.

QUOTE #	QUOTE DATE	QUOTE REFERENCE	CUSTOMER #	GRAND TOTAL
JLJW662	12/8/2017	SX80	302679	\$411,908.07

IMPORTANT - PLEASE READ

Special Instructions: TAX: MULTIPLE TAX JURISDICTIONS APPLY
TAX: CONTACT CDW FOR TAX DETAILS


QUOTE DETAILS

ITEM	QTY	CDW#	UNIT PRICE	EXT. PRICE
<u>Cisco TelePresence Integrator Package with SX80 Codec, SpeakerTrack60 Micro</u> Mfg. Part#: CTS-SX80-IPST60-K9 UNSPSC: 45111902 \$15,907.28 TAX: HOLBROOK, AZ 6.1000% \$12,558.38 Contract: National IPA Technology Solutions Education (130733)	15	3303003	\$13,725.00	\$205,875.00
<u>Cisco Telepresence Ceiling Microphone Generation 2 - microphone</u> Mfg. Part#: CTS-MIC-CLNG-G2 UNSPSC: 52161520 TAX: HOLBROOK, AZ 6.1000% \$613.51 Contract: National IPA Technology Solutions Education (130733)	15	4059072	\$670.50	\$10,057.50
<u>Cisco SMARTnet extended service agreement</u> Mfg. Part#: CON-SNT-CTSMICG2 UNSPSC: 81111812 TAX: HOLBROOK, AZ 6.1000% \$109.80 Contract: National IPA Technology Solutions Education (130733)	15	4089642	\$120.00	\$1,800.00
<u>Cisco network cable - 33 ft</u> Mfg. Part#: CAB-ETHRSHLD-10M UNSPSC: 26121609 TAX: HOLBROOK, AZ 6.1000% \$30.88 Contract: National IPA Technology Solutions Education (130733)	15	3928828	\$33.75	\$506.25
<u>Cisco TelePresence Precision 60 - videoconferencing camera</u> Mfg. Part#: CTS-CAM-P60 UNSPSC: 45121520 TAX: HOLBROOK, AZ 6.1000% \$3,664.58 Contract: National IPA Technology Solutions Education (130733)	15	3303024	\$4,005.00	\$60,075.00
<u>Cisco SMARTnet extended service agreement</u> Mfg. Part#: CON-SNT-CTSCAMP6 UNSPSC: 81111812 Electronic distribution - NO MEDIA TAX: HOLBROOK, AZ 6.1000% \$549.69	15	4631154	\$600.75	\$9,011.25

QUOTE DETAILS (CONT)				
Contract: National IPA Technology Solutions Education (130733)				
<u>Cisco camera mounting bracket</u>	15	3535070	\$112.50	\$1,687.50
Mfg. Part#: CTS-CAM60-BRKT UNSPSC: 45121518 TAX: HOLBROOK, AZ 6.1000% \$102.94 Contract: National IPA Technology Solutions Education (130733)				
<u>CISCO DIRECT LIC-SMP+EP</u>	15	4259427	\$3,600.00	\$54,000.00
Mfg. Part#: LIC-SMP+EP Electronic distribution - NO MEDIA TAX: HOLBROOK, AZ 6.1000% \$3,294.00 Contract: National IPA Technology Solutions Education (130733)				
<u>Cisco SMARTnet Software Support Service - technical support - for LIC-SMP+E</u>	15	4259402	\$960.00	\$14,400.00
Mfg. Part#: CON-ECMU-LICSMPEP UNSPSC: 81112201 Electronic distribution - NO MEDIA TAX: HOLBROOK, AZ 6.1000% \$878.40 Contract: National IPA Technology Solutions Education (130733)				
<u>Cisco SMARTnet extended service agreement</u>	15	4102381	\$194.25	\$2,913.75
Mfg. Part#: CON-SNT-CTLDV10 UNSPSC: 81111812 Electronic distribution - NO MEDIA TAX: HOLBROOK, AZ 6.1000% \$177.74 Contract: National IPA Technology Solutions Education (130733)				
<u>Cisco Telepresence Ceiling Microphone Generation 2 - microphone</u>	30	3928366	\$776.25	\$23,287.50
Mfg. Part#: CTS-MIC-CLNG-G2= UNSPSC: 52161520 TAX: HOLBROOK, AZ 6.1000% \$1,420.54 Contract: National IPA Technology Solutions Education (130733)				
<u>Cisco SMARTnet extended service agreement</u>	30	4116810	\$120.00	\$3,600.00
Mfg. Part#: CON-SNT-CTS-MICC UNSPSC: 81111812 Electronic distribution - NO MEDIA TAX: HOLBROOK, AZ 6.1000% \$219.60 Contract: National IPA Technology Solutions Education (130733)				
<u>Cisco network cable - 33 ft</u>	30	3928828	\$33.75	\$1,012.50
Mfg. Part#: CAB-ETHRSHLD-10M UNSPSC: 26121609 TAX: HOLBROOK, AZ 6.1000% \$61.76 Contract: National IPA Technology Solutions Education (130733)				
<u>Cisco Learning Credits - pre-purchasing training funds unit</u>	2	1506970	\$0.00	\$0.00
Mfg. Part#: TRN-CLC-001 UNSPSC: 86101601 Electronic distribution - NO MEDIA TAX: HOLBROOK, AZ .0000% \$.00 Contract: National IPA Technology Solutions Education (130733)				

PURCHASER BILLING INFO Billing Address: NORTHLAND PIONEER COLLEGE BUSINESS OFFICE PO BOX 610 HOLBROOK, AZ 86025-0610 Phone: (928) 524-7600 Payment Terms: Request Terms	SUBTOTAL	\$388,226.25
	SHIPPING	\$0.00
	SALES TAX	\$23,681.82
	GRAND TOTAL	\$411,908.07
	DELIVER TO	Please remit payments to:

Shipping Address: NORTHLAND PIONEER COLLEGE ATTN: CURTIS STEVENS 102 N 1ST AVE HOLBROOK, AZ 86025-2902 Shipping Method: DROP SHIP-GROUND	CDW Government 75 Remittance Drive Suite 1515 Chicago, IL 60675-1515
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Need Assistance? CDW•G SALES CONTACT INFORMATION		
	Rachel Parker (866) 708-1693	rachpar@cdw.com

This quote is subject to CDW's Terms and Conditions of Sales and Service Projects at <http://www.cdwg.com/content/terms-conditions/product-sales.aspx>
 For more information, contact a CDW account manager

© 2018 CDW•G LLC, 200 N. Milwaukee Avenue, Vernon Hills, IL 60061 | 800.808.4239

SAM Search Results
List of records matching your search for :

Record Status: Active
DUNS Number: 828071642
Functional Area: Entity Management, Performance Information

ENTITY	CDW GOVERNMENT LLC	Status:Active
DUNS: 828071642	+4:	CAGE Code: 6DNY3 DoDAAC:
Expiration Date: Dec 1, 2018	Has Active Exclusion?: No	Debt Subject to Offset?: No
Address: 13461 SUNRISE VALLEY DR STE 350		
City: HERNDON	State/Province: VIRGINIA	
ZIP Code: 20171-3242	Country: UNITED STATES	

Request to Approve the Purchase of Cisco Meeting Server (CMS) hardware and licensing.

Recommendation:

Staff recommends an approval to purchase Cisco Meeting Server (CMS) solution (equipment, hardware, licensing), from CDW-G for a price of \$171,146.20 including sales tax. The pricing and contract adheres to national contract (National IPA Technology Solutions Education) agreements.

Summary:

As a primary support to the infrastructure and design, this purchase will provide necessary capacity to internal architecture and design to achieve a future single platform, delivery and communication environment. This CMS equipment will support future growth and development into the final phase(s) of the Cisco Telepresence solution with 45 endpoints across the college environment and required to support the final design. This is a budgeted purchase.



Northland Pioneer College

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REQUISITION

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CDWG _____

200 N. Milwaukee Avenue _____

Vernon Hills, IL 60061 / Rachel Parker / (866) 708-1693 _____

Contract: National IPA Technology Solutions Education (130733) _____

Use Tax _____ 1099 _____

NPC IDENTIFICATION NUMBER _____

P.O. NUMBER _____

Ernie Hess _____ Date Jan 5, 2018
Ernie Hess (Jan 3, 2018)

ORIGINATOR / BUDGET MANAGER _____ Date / /

BUDGET MANGER / DEAN / DIRECTOR _____

[Signature] _____ Date Jan 5, 2018
F. J. W. (Jan 5, 2018)

VICE PRESIDENT (Required for Purchases \$10,000 & Above) _____

PRESIDENT (Required for Purchases \$25,000 & Above) _____ Date / /

BOARD APPROVAL (Required for \$50,000 & Above) _____ Date / /

GIVE FULL AND COMPLETE PARTICULARS FOR EACH ITEM REQUESTED

QTY	DETAILED DESCRIPTION	UNIT PRICE	AMOUNT	ACCOUNT NUMBER
1	Multiple Items, See Quote JLJW986		161306.50	50 - 5070 - 5620 - 10
				- - -
	CMS			- - -
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				- - -
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		SUB TOTAL	161306.50	
		<input type="checkbox"/> SALES / <input type="checkbox"/> USE TAX	9839.70	
		FREIGHT		
		TOTAL	171146.20	

COMMENTS/SPECIAL INSTRUCTIONS:
2018 NPC Video Classroom Project

All vendors for service, equipment rentals, and leases must have a W-9 compliance form on file with the NPC Business Office. If the vendor is not listed on the 1099 listing, a completed W-9 form must be attached to the requisition. MPR 5/14-Marketing/Forms/Business Office

DISTRIBUTION: BUSINESS OFFICE – White & Yellow; BUDGET MANAGER / DEAN / DIRECTOR / REQUISITIONER – Pink



QUOTE CONFIRMATION

DEAR CURTIS STEVENS,

Thank you for considering CDW•G for your computing needs. The details of your quote are below. Click [here](#) to convert your quote to an order.

QUOTE #	QUOTE DATE	QUOTE REFERENCE	CUSTOMER #	GRAND TOTAL
JLJW986	12/8/2017	FUTURE STATE CMS	302679	\$171,146.20


IMPORTANT - PLEASE READ
Special Instructions: TAX: MULTIPLE TAX JURISDICTIONS APPLY
 TAX: CONTACT CDW FOR TAX DETAILS

QUOTE DETAILS				
ITEM	QTY	CDW#	UNIT PRICE	EXT. PRICE
<u>CISCO DIRECT CTI-CMS-2000-K9</u> Mfg. Part#: CTI-CMS-2000-K9 TAX: HOLBROOK, AZ 6.1000% \$5,516.19 Contract: National IPA Technology Solutions Education (130733)	1	4688911	\$90,429.30	\$90,429.30
<u>Cisco - SFP+ transceiver module - 10 Gige</u> Mfg. Part#: SFP-10G-SR UNSPSC: 43201553 TAX: HOLBROOK, AZ 6.1000% \$27.31 Contract: National IPA Technology Solutions Education (130733)	1	1531148	\$447.75	\$447.75
<u>CISCO DIRECT CTI-CMS-1000-K9</u> Mfg. Part#: CTI-CMS-1000-K9 TAX: HOLBROOK, AZ 6.1000% \$655.20 Contract: National IPA Technology Solutions Education (130733)	1	4250558	\$10,741.05	\$10,741.05
<u>VMware vSphere Standard (v. 6) - license</u> Mfg. Part#: VMW-VSP-STD-1A= UNSPSC: 43233006 Electronic distribution - NO MEDIA TAX: HOLBROOK, AZ 6.1000% \$91.04 Contract: National IPA Technology Solutions Education (130733)	2	4042317	\$746.20	\$1,492.40
<u>Cisco Independent Software Vendor Application Services technical support -</u> Mfg. Part#: CON-ISV1-VSXSTD1A UNSPSC: 81111812 Electronic distribution - NO MEDIA TAX: HOLBROOK, AZ 6.1000% \$161.41 Contract: National IPA Technology Solutions Education (130733)	2	4428953	\$1,323.00	\$2,646.00
<u>Cisco Meeting Server Recording - Starter Kit - license - 1 license</u> Mfg. Part#: CMS-REC-STARTERKIT UNSPSC: 43231501 TAX: HOLBROOK, AZ 6.1000% \$274.50 Contract: National IPA Technology Solutions Education (130733)	1	4384626	\$4,500.00	\$4,500.00

QUOTE DETAILS (CONT.)				
<u>Cisco SMARTnet Software Support Service - technical support - for CMS-REC-S</u>	1	4384618	\$5,600.00	\$5,600.00
Mfg. Part#: CON-ECMU-CMSRECST UNSPSC: 81112201 Electronic distribution - NO MEDIA TAX: HOLBROOK, AZ 6.1000% \$341.60 Contract: National IPA Technology Solutions Education (130733)				
<u>Cisco Meeting Server Recording - license - 1 port</u>	30	4384621	\$675.00	\$20,250.00
Mfg. Part#: LIC-CMS-REC-PORT UNSPSC: 43233502 Electronic distribution - NO MEDIA TAX: HOLBROOK, AZ 6.1000% \$1,235.25 Contract: National IPA Technology Solutions Education (130733)				
<u>Cisco SMARTnet Software Support Service - technical support - for LIC-CMS-R</u>	30	4384617	\$840.00	\$25,200.00
Mfg. Part#: CON-ECMU-LICMPORT UNSPSC: 81112201 Electronic distribution - NO MEDIA TAX: HOLBROOK, AZ 6.1000% \$1,537.20 Contract: National IPA Technology Solutions Education (130733)				
<u>Cisco Learning Credits - pre-purchasing training funds unit</u>	1	1506970	\$0.00	\$0.00
Mfg. Part#: TRN-CLC-001 UNSPSC: 86101601 Electronic distribution - NO MEDIA TAX: HOLBROOK, AZ .0000% \$.00 Contract: National IPA Technology Solutions Education (130733)				

PURCHASER BILLING INFO	SUBTOTAL	\$161,306.50
Billing Address: NORTHLAND PIONEER COLLEGE BUSINESS OFFICE PO BOX 610 HOLBROOK, AZ 86025-0610 Phone: (928) 524-7600 Payment Terms: Request Terms	SHIPPING	\$0.00
	SALES TAX	\$9,839.70
	GRAND TOTAL	\$171,146.20
	DELIVER TO	Please remit payments to: CDW Government 75 Remittance Drive Suite 1515 Chicago, IL 60675-1515
Shipping Address: NORTHLAND PIONEER COLLEGE ATTN: CURTIS STEVENS 102 N 1ST AVE HOLBROOK, AZ 86025-2902 Shipping Method: DROP SHIP-GROUND		

Need Assistance? CDW•G SALES CONTACT INFORMATION

	Rachel Parker		(866) 708-1693		rachpar@cdw.com
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This quote is subject to CDW's Terms and Conditions of Sales and Service Projects at <http://www.cdw.com/content/terms-conditions/product-sales.aspx>
 For more information, contact a CDW account manager
 © 2017 CDW•G LLC, 200 N. Milwaukee Avenue, Vernon Hills, IL 60061 | 800.808.4239

SAM Search Results
List of records matching your search for :

Record Status: Active
DUNS Number: 828071642
Functional Area: Entity Management, Performance Information

ENTITY	CDW GOVERNMENT LLC	Status:Active
DUNS: 828071642	+4:	CAGE Code: 6DNY3 DoDAAC:
Expiration Date: Dec 1, 2018	Has Active Exclusion?: No	Debt Subject to Offset?: No
Address: 13461 SUNRISE VALLEY DR STE 350		
City: HERNDON	State/Province: VIRGINIA	
ZIP Code: 20171-3242	Country: UNITED STATES	