

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 17, 2012 beginning at 9:30 a.m. All sessions will be held at the Northland Pioneer College Painted Desert Campus, Tiponi Community Center meeting room, located at 2251 E. Navajo Blvd., Holbrook, Arizona.

One or more Board members may participate in the meeting 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) 524-7418 or (800) 266-7845 Ext. 7418, at least 24 hours in advance of the meeting. If any disabled person needs any type of accommodation, please notify Kristin Thomas at the above address or telephone number at least 24 hours prior to the scheduled time.

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, Kristin Thomas, certify that this notice of public meeting, prepared pursuant to A.R.S. § 38-431.02, was posted on the 13th day of January at 9:30 a.m. 2012

Kristin Thomas, 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. KONOPNICKI COMMUNICATIONS [KQAZ/KTHQ/KNKI RADIO]
8. KRVS RADIO
9. KTNN RADIO
10. KUYI RADIO
11. KWKM RADIO
12. WHITE MOUNTAIN RADIO
13. NPC WEB SITE
14. NPC ADMINISTRATORS AND STAFF
15. NPC FACULTY ASSOCIATION PRESIDENT
16. NPC CLASSIFIED AND ADMINISTRATIVE SUPPORT ORGANIZATION PRESIDENT
17. NPC STUDENT GOVERNMENT ASSOCIATION PRESIDENT



Northland Pioneer College

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Governing Board Meeting Agenda

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

Date: January 17, 2012

Time: 9:30 a.m. (MST)

<u>Item</u>	<u>Description</u>	<u>Resource</u>
1.	Call to Order and Pledge of Allegiance	Chairman Jeffers
2.	Adoption of the Agenda (T1).....(Action)	Chairman Jeffers
3.	Election of Board Officers.....(Action)	Chairman Jeffers
4.	Call for Public Comment	Chairman Jeffers
5.	Reports:	
	A. Financial Position (T8)	Vice President Hatch
	B. CASO	Ina Sommers
	C. NPC Faculty Association	Kenny Keith
	D. NPC Student Government Association	Melissa Luatua
	E. NPC Foundation.....	Lance Chugg
6.	Consent Agenda.....(Action)	Chairman Jeffers
	A. December 13, 2011 Study Session Minutes (T2)	
	B. December 13, 2011 Regular Board Minutes (T2)	
7.	Old Business: None.	
8.	New Business:	
	A. Request to Approve 2012-2013 Budget Assumptions and Guidelines (T3).....(Action)	Vice President Hatch
	B. Request to Accept the Single Audit Reporting Package for Fiscal Year ended June 30, 2011(T4).....(Action)	Vice President Hatch
	C. Request Approval of Quit Claim Deed (T5).....(Action)	Vice President Hatch
	D. Institutional Effectiveness Report (T6)(Informational)	Director Wasson
	E. Title III Project EAGLE: End of Year Report (T7).....(Informational)	Director Bishop
9.	Standing Business:	
	A. Strategic Planning and Accreditation Steering Committee Report.....	Director Bishop
	B. Human Resources Update (T9).....	Dan Watron
10.	President's Report:	
	A. Governor Jan Brewer 2012 Policy Objectives for Community Colleges	President Swarthout
	B. Initiation of Discussions with Petrified Forest National Park Concerning Future Collaboration.....	President Swarthout
11.	Board Report/Summary of Current Events.....	Board Members
12.	Announcement of Next Regular MeetingFebruary 21, 2012	Chairman Jeffers
13.	Adjournment.....(Action)	Chairman Jeffers

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.



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Navajo County Community College District Governing Board Study Session Minutes

December 13, 2011

2251 East Navajo Boulevard, Holbrook, Arizona, 86025

Governing Board Members Present: Bill Jeffers, Ginny Handorf, Louella Nahsonhoya, Daniel Peaches (9:15am) and E.L. “Dusty” Parsons (9:35am)

Staff Present: President, Jeanne Swarthout; Vice President, Blaine Hatch; Vice President, Mark Vest; Information Services Director, Eric Bishop; Recording Secretary to the Board, Kristin Thomas.

Reports:

1. Study Session Agenda Item 1.: Request for Direction: Long-Term Kayenta Facility (Action) - President Swarthout

With the required move from the Kayenta High School to the Kayenta Primary School the college has encountered some difficulties. We received a mold free report for our section of the building. However there are other issues. The main decision for the board is whether or not to allocate renovation resources for long-term occupation or conserve those resources with minimal changes to the primary school environment and continue to evaluate other options. Nahsonhoya asked if there was another building offered. Mr. Hatch responded, yes, Mr. Peaches suggested the abandoned BIA building. This building has been transferred to the Navajo Nation tribe in exchange for the new BIA facility. Mr. Hatch stated the building is reported as very old and in poor shape. In addition the transfer would take 5-10 years. Ms. Nahsonhoya responded that it is understandably not an option considering lengthy transfer time and poor physical condition. Mr. Jeffers asked what is available in the next 2-3 years. Mr. Hatch responded with the Kayenta township option to follow their plan at the designated higher education location. There are currently no facilities and limited infrastructure in this location. NPC has suggested placing modular facility at the township’s suggested location. Mr. Hatch reports that initially they were not excited about modular suggestion, but may be unaware of the almost permanent appearance similar to other NPC centers or campuses. Mr. Hatch stated that Navajo County has proposed another option with land and new facility construction. Mr. Jeffers stated the expense of getting materials and infrastructure to the township suggested higher education location would be costly. Mr. Hatch understands that the JTED, NATIVE, is in township suggested location. Roadways and access to the site are a primary concern. Utilities may not be readily available. Mr. Jeffers asked what the anticipated cost is. Mr. Hatch responded with an estimated cost of the modular units might be about \$400,000. Mr. Hatch stated the current space is approximately 2,000 square feet; whether we expanded the space or remained at existing size would impact cost. If roadways need to be included the cost would rise significantly. Dr. Swarthout stated the proposed county facility would be shared with county and would allow for space to invite other higher education entities. Dr. Swarthout has done a preliminary exploration and NAU is interested in sharing the facility. Mr. Peaches joined the meeting at 9:15am. Mr. Jeffers asked what the timeline on temporary location is. Mr. Hatch responded that temporary primary school location is not ideal since the facility is multi-use with children and adults as well as video classrooms and structural limitations in place by the school district. From a perspective of availability there is no issue with a lease termination option. Nahsonhoya asked for clarification regarding mold in the primary school. Mr. Hatch responded there is no mold present in the classrooms we have leased according to the environmental services testing company, Dominion. They performed a visual inspection and air quality supply sample. Ms. Handorf asked for confirmation that mold insurance has not been used for the primary school. Mr. Hatch confirmed. Mr. Jeffers asked if modular buildings are being considered for county land. Mr. Hatch confirmed yes. Dr. Swarthout asked if there is an idea of total resources needed to make the primary school location best higher education location possible long-term. Mr. Hatch stated due to the position of KUSD we are unable to make necessary structural renovations to provide an optimal audio/visual classroom learning environment. Mr. Hatch stated a primary concern is the ongoing high expense of rent. Mr. Peaches stated that the County option is most favorable since learning that the BIA is an unsuitable option. Mr. Jeffers restated Dr. Swarthout’s recommendation to complete a long-term investment cost benefit analysis for the county, township and primary school.



2. Study Session Agenda Item 2.: Request for Direction: Future Facility on Painted Desert Campus (Action) – President Swarthout

Dr. Swarthout stated the administrative team would like to initiate planning discussions on the Painted Desert Campus (PDC) skill center project with faculty and begin preparation of architectural processes to present cost information to the board. Mr. Jeffers stated this subject is familiar to the board. Mr. Jeffers stated discussion has occurred to allocate money for this project. Mr. Jeffers stated the newest addition to this discussion is the planning of the proposed facilities. Mr. Jeffers asked what size facility is needed and what other programs will be included in addition to welding. Dr. Swarthout responded that the initial discussion size will be approximately 20,000 square feet with bays for welding, construction trades and potential potash mining skilled training needs. Mr. Parsons stated by quick calculations the minimum cost for a facility of this size would be \$3 million. Mr. Parsons requested more details in terms of size and planned use. Mr. Jeffers responded to say the welding facility is currently using 12,000 square feet and asked what we plan to build for the future? Dr. Swarthout stated the construction trades program will roll-out in 2013 for which dedicated space is needed. Dr. Swarthout stated there will be strict guidelines and the simplest design to meet Career and Technical Education (CTE) needs will be chosen. CTE Faculty will be engaged in the design process. Mr. Parsons asked if a plan and design will be presented to the board for approval before further steps are taken to build. Dr. Swarthout confirmed.

3. Study Session Agenda Item 3.: Request to Approve State Longitudinal Data System (SLDS) Agreement (Action)- President Swarthout

Dr. Swarthout stated this agreement allows ASSIST, to whom we and other community colleges already provided data, to share individual student data with Arizona Department of Education (ADE) for student tracking purposes from Kindergarten to Post Graduate levels. To comply with FERPA each community college must have an individual agreement explaining this data sharing. Arizona Department of Education cannot release this data to anyone. This agreement has been through many attorneys and we are confident that this agreement protects the student's privacy. Dr. Swarthout stated the Arizona Department of Education did not initially separate K-12 and higher education in agreement in terms of FERPA this separation has since been met. Dr. Swarthout stated we paid ADE \$6 per FTSE to create this system. Dr. Swarthout reports that ultimately, if we can use this data to track students better out of high school then this system will benefit the community colleges. Dr. Swarthout reports that based on discussions in Washington, DC community colleges soon will be required to provide more data on student retention and completion.

4. Study Session Agenda Item 4.: Request Approval Security Services Contract (Action)- Vice President Hatch

Mr. Hatch stated that in the past NPC has not had a security presence but instead has provided a campus monitor to assist on campus as requested. The campus monitor is not trained in security nor do they have a security background. Corder Community Services began providing a security presence as a pilot program on three NPC campuses in the form of a uniformed unarmed officer. Corder is prepared to begin in January 2012 at the Little Colorado Campus in Winslow. In general, services will be performed Monday-Thursday 5:30-10:30 pm. The one exception is at the Silver Creek Campus where additional security will be provided with scheduled events at the Performing Arts Center. In addition Corder Security will do late night surveillance at the White Mountain Campus. Mr. Hatch reports that based on informal surveying of students, faculty and staff the feedback is positive on security presence. The monthly cost is less than 2K at each location. The additional after-hours surveillance at WMC will cost approximately \$600 per month. Mr. Hatch stated as the security operation begins to be fully implemented the anticipated cost is not to exceed \$75,000 per academic year. Either portion of the contract can be cancelled at any time. Staff recommends continuing this investment in student, employee and community safety. Mr. Parsons asked if staff obtained any other quotes or developed a scope of work. Mr. Hatch responded to say security services providers are limited in the area. Corder is a reputable provider and has a longstanding presence in the community. Mr. Parsons asked who has liability the college or the company. Mr. Hatch restated the services as previously discussed. Dr. Swarthout added due to the urgent nature of the situation this pilot security presence program will be evaluated after the security cameras are installed. Mr. Jeffers stated that we did not budget for this expense. Mr. Hatch stated that we did not anticipate this expense but we can adjust as necessary. Mr. Jeffers asked if the centers are in need of these same safety measures. Mr. Hatch responded to say there is currently not a need for such services. Whiteriver may be an exception. Mr. Hatch reported the availability of trained personnel is a challenge. The delay of implementation at Little Colorado Campus is an example of this personnel availability. Ms. Nahsonhoya added based on the shooter incident on the Hopi reservation with the NPC Hopi Center near the



incident she encourages NPC to take precaution where all students are present. Mr. Hatch reported there have been a limited number of incidents and that providing this type of service does give a sense of safety and serves a deterrent. Mr. Parsons asked if the guards on duty are certified. Mr. Hatch confirmed. Mr. Jeffers stated security visibility is a primary focus as a safety comfort and deterrent; no matter what additional security and safety measures are taken, there is still a risk.

5. Study Session Agenda Item 5.: Request to Approve 2012-13 Budget Development Calendar (Action)- Vice President Hatch

Mr. Hatch reviewed the most recent Budget Development Calendar . Changes to the prior version were highlighted. Mr. Hatch highlighted the first inclusion of a three-year capital budget to be approved separately by the Board. Budget assumptions and an overview will be presented at January 17 DGB meeting. Tuition and fees make up less than one-fifth of our total revenue stream and are scheduled to be approved early to keep financial aid processes flowing. The Auditors General forms will be used for budget publication. Mr. Parsons stated he does not agree with approving a budget the same day it is presented. Ms. Nahsonhoya asked if NPC has a budget team in place for preliminary review before items are presented to the board. Mr. Hatch confirmed this to be true. The budget review committee consists of the executive team, deans and directors. Mr. Hatch stated the budget review committee met yesterday internally discussing mid-year revenue trends and expenditures. Mr. Hatch pointed out on the calendar the executive team will review budget items submitted by budget committee before items are presented to the board in March. Budget hearings are on March 26 with budget managers prior to drafting and presenting budget items in April to District Governing Board. Mr. Jeffers stated the salary and wages expenditures is a large portion of budget a number is presented, discussed and agreed upon which then is plugged into the overall budget. Mr. Jeffers asked Mr. Parsons what he would insert or add to calendar. Dr. Swarhout stated some budget items are needed earlier than others; for example tuition and fees must be developed early to meet the financial aid timetable. Dr. Swarhout stated portions of the budget schedule are dictated by external deadlines. Mr. Parsons requested a budget presentation that is similar to what will be presented in April. Ms. Handorf asked Mr. Parsons if he wished to see more details. Mr. Parsons confirmed. Dr. Swarhout noted that Item 2, receive budget assumptions and overview, is in place to discuss and add any requested budget details prior to development. Mr. Jeffers stated more details in departmental spending could be added as Mr. Parsons has requested. Mr. Hatch reported on revenues and expenditures. The community colleges submitted a level request to the Governors office and JLBC. The request for operational funding is based on enrollment. The equalization formula has been followed and means NPC will receive a \$1.3 million cut. If the request for community colleges is approved by the Governors office and JLBC it will mean an approximate total reduction of \$1.4million in state aid for 2012-13. Mr. Jeffers asked if the NPC reduction is proportionately consistent with other community colleges. Mr. Hatch stated the community colleges who are experiencing growth will have some additional operational aid, in the case of equalization there will be a reduction for all schools participating. The state budget scenarios include no shortfall this year. Mr. Hatch reported the state is looking at a three-year budget plan. Several items are currently affecting the state budget; termination of the one cent sales tax at the end of fiscal year 2012-13, the cost for leasing back sold state facilities and increasing AHCCCS costs. Mr. Hatch stated the more positive scenario for the state budget is a surplus of \$400million in this year's budget, a surplus of \$100 million in next year's budget and a shortfall of \$600 million in fiscal year 2013-14. The more conservative scenario shows a surplus of \$100 million this year, a shortfall of \$375 million next year and \$1.2 billion shortfall in fiscal year 2013-14. Mr. Hatch reported the community colleges do not anticipate or expect any restoration of capital state aid funding or new funding on a state level. Feedback from the Board on property tax assumptions will be discussed at the January Board meeting to develop the budget. Property tax information will be released by the County before February 10th. Mr. Jeffers asked if the one-cent sales tax has been abolished. Mr. Hatch reported that it is scheduled to sunset June 30, 2013. He also stated there may be a citizen's initiative to extend the one-cent sales tax but it is not supported by the Governor.

6. Study Session Agenda Item 6.: Request to Approve 2012-2013 Academic Calendar (Action)- Vice President Vest

Mr. Vest reported the instructional council is moving to present and approve a two-year calendar in the future. Mr. Vest stated the proposed calendar has been approved by the instructional council, deans and executive team.

Study session ended at 10:45 a.m.



Respectfully submitted,

Kristin Thomas
Recording Secretary to the Board

Bill Jeffers
Chairman

Ginny Handorf
Board Secretary



Navajo County Community College District Governing Board Meeting Minutes

December 13, 2011 – 11:00 a.m.
2251 East Navajo Boulevard, Holbrook, Arizona, 86025

Governing Board Member Present: Bill Jeffers, Ginny Handorf, E.L. “Dusty” Parsons, Louella Nahsonhoya and Daniel Peaches.

Staff Present: President, Jeanne Swarthout; Vice President, Blaine Hatch; Vice President, Mark Vest; Information Services Director, Eric Bishop; Recording Secretary to the Board, Kristin Thomas.

Others Present: Everett Robinson, Ann Hess, Maderia Ellison, Kenny Keith, Eric Henderson, Dan Wattron, Beulah Bob-Pennypacker, Jake Hinton, Melissa Luatua, Mary Lou Schroeder, Peggy Belknap, Teri Walker.

Agenda Item 1: Call to Order and Pledge of Allegiance

Chairman Jeffers called the meeting to order at 11:02 a.m. Mr. Peaches led the Pledge of Allegiance.

Agenda Item 2: Adoption of Agenda

Mr. Peaches moved to adopt the agenda as presented. Mr. Parsons 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 – Vice President Hatch

Mr. Hatch presented the first four months of fiscal budget period with 33% expired. Mr. Hatch noted that the college has received 50% of State Aid. Tax levy receipts have been volatile in October. Since fiscal year 2009-10, slightly less has been collected during October with more collections shifting to November. Mr. Hatch anticipates the tax levy revenues in November will be on target. Mr. Hatch noted the change to Tuition and Fees information is to more accurately reflect cash collections and stands at 35%. Mr. Hatch reported being more on target than in previous years with investment earnings at 31%. Mr. Hatch stated Total Revenues are at 38%. Expenditures are at 29%, where expected to be. The unrestricted plant fund’s only source of revenue is a transfer from the general fund at \$1.3million year-to-date. Capital expenditures are close to that same amount at 28% year-to-date. Restricted fund revenues balance expenditures as expected. Net cash for all activities is \$2,536,895.. Mr. Jeffers asked if the \$2.5million in cash is expected to remain the same for the balance of the year. Mr. Hatch responded no, as additional property tax is collected there will be an expected cash flow improvement in November. Cash flow will be down in December and return on the rise as third quarter state aid is received in January. Net cash will then continue to decrease the duration of the fiscal year.

4.B. – NPC CASO – Ina Sommer

No Report

4.C. – NPC Faculty Association – Brian Burson

Kenny Keith, President Elect, will report on behalf of, President, Brian Burson. Mr. Keith reports the month of November was not a success in terms of Faculty Association meetings due to a video conferencing conflict and the snowstorm. President Swarthout noted Mr. Keith press release for cutting edge course addition.



4.D. – NPC Student Government Association- Jake Hinton-Rivera

Mr. Hinton introduced Ms. Melissa Luatua as the new Academic Adviser at the Silver Creek Campus and the student activities coordinator. Ms. Luatua is from the state of Washington. Ms. Luatua reports the Student Government Association has seven Senators in place. Election of officers is next week. Several SGA positions are vacant with hopes to fill in the near future.

4.E. – NPC Foundation- Lance Chugg

No report.

Agenda Item 5: Consent Agenda

Mr. Parsons moved to approve the Consent Agenda, as presented. Ms. Nahsonhoya seconded the motion.

The vote was unanimous in the affirmative.

Consent Agenda (Action):

- A. October 18, 2011 Study Session Minutes (T2)
- B. October 18, 2011 Regular Board Minutes (T2)
- C. October 30, 2011 Special Teleconference Board Minutes (T2)
- D. 2011-2012 Dual Enrollment Intergovernmental Agreements between the Navajo County Community College District and Chinle Unified School District, No. 24, St. Johns Unified School District, No. 1, Holbrook Unified School District, No. 3 and 2009-2010 Chinle Unified School District, No. 24

Agenda Item 6: Old Business

None.

Agenda Item 7: New Business

7.A. – Request for Direction: Long-term Kayenta Facility (Action) – President Swarthout

President Swarthout referenced extensive discussion in Study Session, Item 1. President Swarthout recommended a long-term cost benefit analysis on three alternatives. President Swarthout stated cost benefit analysis option one is long-term build out in the primary school location. Cost benefit analysis option two is to further discuss options with Navajo County. President Swarthout stated the third option is to continue to work with the Kayenta Township on their designated higher education site. Mr. Jeffers stated in the meantime NPC will begin classes in the primary school location. President Swarthout confirmed. President Swarthout added that Information Services will begin next week to install minimal network infrastructure to facilitate short-term needs with minimal resources expended. Mr. Peaches moved to approve the request as presented. Mr. Parsons seconded the motion. ***The vote was unanimous in the affirmative.***

7.B. – Request for Direction: Future Facility on Painted Desert Campus (Action) – President Swarthout

President Swarthout referenced detailed Study Session, Item 2 discussion revolving around relocation of Career and Technical Education programs i.e.: Welding. Mr. Jeffers asked Mr. Hatch to summarize the recommendation aligned with board discussion. Mr. Hatch stated the recommendation to move forward with input from students, faculty, staff and community members who will use the proposed facility; to initiate discussion in respect to potential size, use and cost of facility. Mr. Hatch stated the information gathered will be presented to the board for review and discussion in the near future. Mr. Parsons moved to approve the request as presented. Ms. Nahsonhoya seconded the motion. ***The vote was unanimous in the affirmative.***

7.C. – Request to Approve State Longitudinal Data Systems (SLDS) Agreement (Action)- President Swarthout

President Swarthout referenced Study Session, Item 3 discussion. President Swarthout stated the SLDS agreement authorizes ASSIST to transfer confidential student data to Arizona Department of Education for the developing purpose of long-term student tracking and success. Mr. Jeffers reiterated based on discussion in study session Item 3



the student information will remain confidential. President Swarthout confirmed. Ms. Handorf moved to approve the request as presented. Ms. Nahsonhoya seconded the motion. ***The vote was unanimous in the affirmative.***

7.D. – Request Approval Security Services Contract (Action)- Vice President Hatch

Vice President Hatch referenced the Study Session, Item 4 discussion. Mr. Hatch recommended continuing security services with Corder Community Services not to exceed \$75,000 as an annual cost. Mr. Hatch stated this service will be evaluated to ensure it is meeting the needs of the college and is a benefit for students and the college. Mr. Parsons asked to clarify annual contract. Mr. Hatch stated the anticipated cost this year should not exceed \$50,000; as the services are extended to cover all four campuses for the entire academic year the anticipated cost will begin to approach to \$75,000. Mr. Hatch reports the contract is based on an hourly rate and staff can reduce hours if deemed necessary. However, with no changes Mr. Hatch estimates cost to be \$72,000 annually. Mr. Parsons asked if Corder Security guards are bonded. Mr. Hatch confirmed. Mr. Jeffers stated the importance of individuals to remain alert and maintain personal safety. Mr. Parsons moved to approve services for the remainder of fiscal year 2011-12 and review the contract, with an evaluation following security camera install, on July 1, 2012 for fiscal year 2012-13. Mr. Peaches seconded the motion. ***The vote was unanimous in the affirmative.***

7.E. – Request to Approve 2012-13 Budget Development Calendar (Action)- Vice President Hatch

Mr. Hatch referenced the Study Session, Item 5 in addition to general revenue trends previously discussed. Mr. Hatch stated that staff recommends approval of 2012-13 Budget Development Calendar. Mr. Hatch noted as requested by the board additional departmental detail will be added to preliminary budget analysis. Ms. Handorf moved to approve the request as presented with added departmental detail to preliminary budget analysis. Mr. Parsons seconded the motion. ***The vote was unanimous in the affirmative***

7.F. – Request to Approve Academic Calendar 2012-2013 (Action)- Vice President Vest

Mr. Vest referenced Study Session, Item 6 discussion Academic Calendar 2012-13 has been reviewed by Faculty, Instructional Council, Executive Team, Student Services and Administrative Services. Mr. Vest noted a typo in the December box on left column printed as Winter Break January 1, 2. The correction as noted is Winter Break December 31, January 1. Ms. Handorf asked why the college is closed December 24-26 and open on the December 27-28 and closed again December 31 and January 1. Mr. Vest responded to say the college policy is to provide staff with five days of leave, which are wrapped around the holidays. Mr. Peaches moved to approve the request as presented with corrected Winter Break December 31, January 1. Seconded by Mr. Parsons. ***The vote was unanimous in the affirmative.***

7.G. – Fall Enrollment FTSE Report (Informational)- Vice President Vest

Mr. Vest prefaced with a request for input from the board for enrollment reporting changes. Mr. Vest stated he will continue to provide FTSE numbers but will begin to supplement with program completion and new state federal enrollment reports. Mr. Vest reported according to Department of Education community colleges nationwide are beginning to see students enrolling in fewer classes, which is largely financially driven. Regular enrollment is down 4.7% while total enrollment is down 2.4%. This indicates full-time students are shifting to part-time students. Mr. Vest states textbook costs are rising more rapidly than tuition costs and therefore students are choosing to take fewer classes in a nationwide trend. Mr. Vest reports the personnel change with the Dean in Nursing and Allied Health resulted in a limited course selection directly related to adjunct availability. Mr. Jeffers commented that if comparison by semester course offerings were available to the board the shift in enrollment would be clearer. Mr. Vest added an example at Whiteriver, which added one course. This specific course addition is directly reflected in increase of enrollment. Mr. Vest stated NPC is down almost 30% in developmental course offerings as a result of severe funding cuts. Mr. Parsons asked the number of credit hours considered full-time. Mr. Vest responded that Pell Funding recognizes full-time student at 12. Department of Education full-time is 15 credit hours. Mr. Jeffers asked what the standard full-time credit hours are for university. Mr. Vest confirmed it to be 12. Dr. Swarthout added that universities are not funded on FTSE. Mr. Vest reports that the legislative climate is shifting from FTSE driven to completion driven. President Swarthout stated Institutional Effectiveness Director will report in January.



7.H. – Jonathan Nez Alumnus Recipient (Informational)- Ann Hess and Myrtle Dayzie-Grey
President Swarhout stated this item is moved to January due to travel conflict.

Agenda Item 8: Standing Business

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

Mr. Bishop reports SPASC activities this fall included a review of pillars 1-4 of the strategic plan with an update on progress in those areas. Mr. Bishop stated a content portfolio team has been formed to begin forming the next Higher Learning Commission Portfolio. Mr. Bishop added Pillars 5 and 6 will be updated in the spring. Accomplishments will be recorded and strategic plan revisions will be presented to the Board as a first read in May 2012 and approved in June 2012. President Swarhout noted SPASC will move more smoothly once the Higher Learning Commission confirms the new accreditation model with criteria and components.

8.B. – Human Resources Update – Dan Wattron

Mr. Wattron reports two positions were filled and there are five positions open. Employees of the month: October- Mary Lou Schroeder; November- Melissa Webb; December- Derrick Sample.

Agenda Item 9: President’s Report – President Swarhout

No report as a result of Flagstaff Economic Development Meeting cancelled.

Agenda Item 10: Board Report/Summary of Current Events

Mr. Jeffers congratulated former NPC assistant basketball coach, Mark Slessinger on promotion as a Division I basketball coach at New Orleans University.

Agenda Item 11: Announcement of Next Regular Meeting: Tuesday, January 17, 2012.

Agenda Item 12: Adjournment

The meeting was adjourned upon a motion by Mr. Parsons, a second by Mr. Peaches and with a unanimous affirmative vote.

Respectfully submitted,

Kristin Thomas
Recording Secretary to the Board

Bill Jeffers
Chairman

Ginny Handorf
Board Secretary



Agenda Item # 8.A.
January 17, 2012
Action

Request to Approve 2012-13 Budget Development Assumptions and Guidelines

Recommendation: Staff recommends approval of the 2012-13 Budget Development Assumptions and Guidelines based on discussions.

Summary: Staff will provide an overview of proposed budget development assumptions and guidelines for 2012-2013, which are summarized in the following document. The approved Budget Development Calendar is attached, along with supporting information for revenues and expenditures. Staff will seek Board input and guidance.



Northland Pioneer College

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**Northland Pioneer College
Departmental Budget Guidelines
FY 2012-13**

GENERAL ASSUMPTIONS

- Budget Development Calendar will be followed
- Preliminary budget analysis to DGB in March will include additional details compared to prior year preliminary budget analyses
- Statutory Expenditure Limit is not expected to limit expenditures
- Other

REVENUE ASSUMPTIONS

- State funding expected to be reduced in FY12-13 by approximately \$1.4 million
- Tuition and general fees will be set at
 - (A) Incrementally increasing rate
 - (B) Competitive market rate by maintaining a comparative position to the average tuition at other Arizona community colleges
 - (C) Other
- Course fees will be set at a rate calculated to offset expendable supplies and equipment
- Primary property tax will be levied at
 - (A) Maximum rate, which is 2% higher than current year tax
 - OR
 - (B) Maximum rate without holding a truth-in-taxation hearing
 - OR
 - (C) Other
- Other revenues will be estimated based on historical information and emerging trends

EXPENDITURE ASSUMPTIONS

- Items in budget requests will be linked to the current **NPC Strategic Plan**. Any budget amounts that are higher than FY11-12 budget **or** actual historical spending will be **justified**.
- Budget requests for operational expenditures will be completed by **Tuesday, February 21, 2012.**
- Budget requests for capital expenditures will be completed by **Thursday, March 8, 2012.**

- SALARY SCHEDULES will be developed with
 - (A) Incrementally increasing rates
 - (B) Consideration to competitive market conditions by maintaining a comparative position to the average increases/rates at other Arizona community colleges
 - (C) Consideration to salary schedule compression
 - (D) Other
- BENEFITS will be developed with
 - (A) No major changes in benefit structure
 - (B) Consideration on impact of third-party partnerships
 - (1) Navajo County Schools Employee Benefit Trust for medical and dental insurance
 - (2) Arizona State Retirement System for retirement contributions
- Education partner relationships will be maintained
 - (A) Apache County
 - (B) NAVIT
 - (C) Dual enrollment
 - (D) Other
- CAPITAL budget requests will be developed for a three-year period (2012 – 2015)
- GRANT funding will continue to be identified and pursued
- AUXILIARY fund activities will be maintained
- Other

Budget Categories & Targets:

Revenues	<ul style="list-style-type: none">• Budget will be prepared by Administrative Services.
Salaries/Wages & Benefits	<ul style="list-style-type: none">• Budget will be prepared by Administrative Services except for the following that budget managers will include in budget request:<ul style="list-style-type: none">○ Adjunct Salaries,○ Overload,○ Temporary Salaries,○ Lab Aids, and○ Substitute Salaries.
Operating Expenditures	<ul style="list-style-type: none">• Funding expected to remain level in FY 12-13.• Budget requests should reflect only those items required to maintain service levels.• Any new programs/services must be initiated through the shared governance process, including adoption in the strategic plan.
Capital Expenditures	<ul style="list-style-type: none">• No state funding is expected in future• All request for funding must be covered from the operation budget or reserved funds.

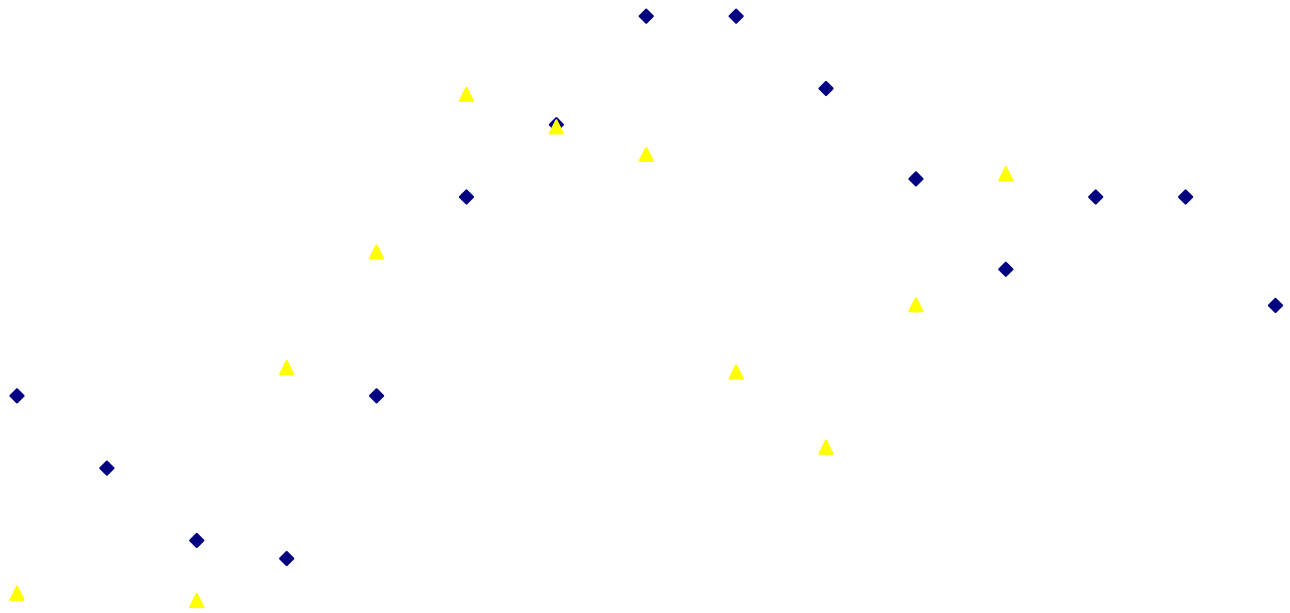
BUDGET DEVELOPMENT CALENDAR

FISCAL YEAR 2012 – 2013

ACTIVITY	RESOURCE	DUE BY
➔ Receive budget calendar APPROVED 12/13/2011	DGB	13 December
2. Receive budget assumptions and overview	DGB	17 January
3. Prepare revenue estimates	Hatch/Ellison	1 February
4. Departmental operational budget material distributed	Ellison	1 February
5. Three-year capital budget material distributed	Ellison	10 February
6. Receive tuition and fee schedules	DGB	21 February
7. Departmental operational budgets received	Executive Team	21 February
8. Executive review of operational budget	Executive Team	29 February
9. Three-year capital budgets received	Executive Team	8 March
10. Executive review of three-capital budget	Executive Team	19 March
11. Tuition and fee schedules approved	DGB	20 March
12. Receive preliminary budget analysis	DGB	20 March
13. Receive wage and salary recommendation	DGB	20 March
14. Budget hearings	Budget Managers	26 March
15. Receive complete budget analysis	DGB	17 April
16. Approve budget publication	DGB	17 April
17. Approve salary schedules	DGB	17 April
18. Tentative budget adopted	DGB	17 April
19. Tentative three-year capital budget adopted	DGB	17 April
20. Notice of budget public hearing/TNT hearing first published	Hatch/Ellison	27 April
21. Notice of TNT hearing second publication	Hatch/Ellison	4 May
22. Notice of budget public hearing/TNT hearing final publication	Hatch/Ellison	9 May
23. Public hearing conducted for taxpayers	DGB	16 May
24. Final budget adopted	DGB	16 May
25. Final three-year capital budget adopted	DGB	16 May
26. Notify PTOC of the amount of the primary property tax levied	Hatch/Ellison	17 May
27. Submit Tax levy to Navajo County	Hatch/Ellison	17 May

EXPENDITURE LIMITATION

HISTORY	Submitted FTSE	Actual FTSE	Exp Limit/ Est FTSE	Statutory Exp Limit	Alternative Exp Limit	Bookstore Revenues	Actual Exp Subject to Exp Limit
FYE 1998	2,375	2,102	5,110	12,135,941			12,135,940
FYE 1999	2,275	1,998	5,236	11,911,074			11,911,073
FYE 2000	2,175	2,092	5,259	11,438,325			11,417,776
FYE 2001	2,150	2,414	5,417	10,924,132	11,645,836		11,514,058
FYE 2002	2,375	2,574	5,579	12,494,304	13,250,523		12,818,881
FYE 2003	2,650	2,792	5,747	14,259,188	15,228,338		14,499,064
FYE 2004	2,750	2,747	5,445	14,974,540			14,912,924
FYE 2005	2,900	2,709	5,529	16,035,507			14,429,617
FYE 2006	2,900	2,408	5,613	16,278,691			15,915,946
FYE 2007	2,800	2,304	5,816	16,284,629			16,202,909
FYE 2008	2,675	2,501	6,019	16,100,110			15,416,094
FYE 2009	2,550	2,682	6,208	15,829,198		1,088,932	15,829,197
FYE 2010	2,650	2,396	6,348	16,823,427			15,515,610
FYE 2011	2,650	2,219	6,448	17,086,770			15,750,000
FYE 2012	2,500	2,200	6,501	16,251,916			15,850,000
FYE 2013	2,400	2,400	6,645	15,948,384			15,950,000



State Aid

	<u>Operating State Aid</u>	<u>Capital State Aid</u>	<u>Equalization Aid</u>	<u>Total State Aid</u>
2001	4,326,300	419,600	1,263,600	\$ 6,009,500
FYE 2002	4,223,300	408,800	1,270,300	\$ 5,902,400
FYE 2003	4,210,300	466,500	1,289,800	\$ 5,966,600
FYE 2004	4,210,300	466,500	1,441,300	\$ 6,118,100
FYE 2005	4,412,300	586,300	2,134,800	\$ 7,133,400
FYE 2006	4,412,300	576,900	2,735,700	\$ 7,724,900
FYE 2007	4,412,300	568,900	3,373,200	\$ 8,354,400
FYE 2008	4,412,300	505,700	4,305,200	\$ 9,223,200
FYE 2009	3,921,400	-	5,386,500	\$ 9,307,900
FYE 2010	3,590,000	-	6,624,000	\$ 10,214,000
FYE 2011	3,590,000	-	6,624,000	\$ 10,214,000
FYE 2012	1,720,000	-	6,452,000	\$ 8,172,000
FYE 2013	1,600,000	-	5,177,000	\$ 6,777,000

① State funding is based on the audited FTSE 2 years prior to the funding year.

**Arizona Community Colleges
Comparative In-State Tuition and Fees**

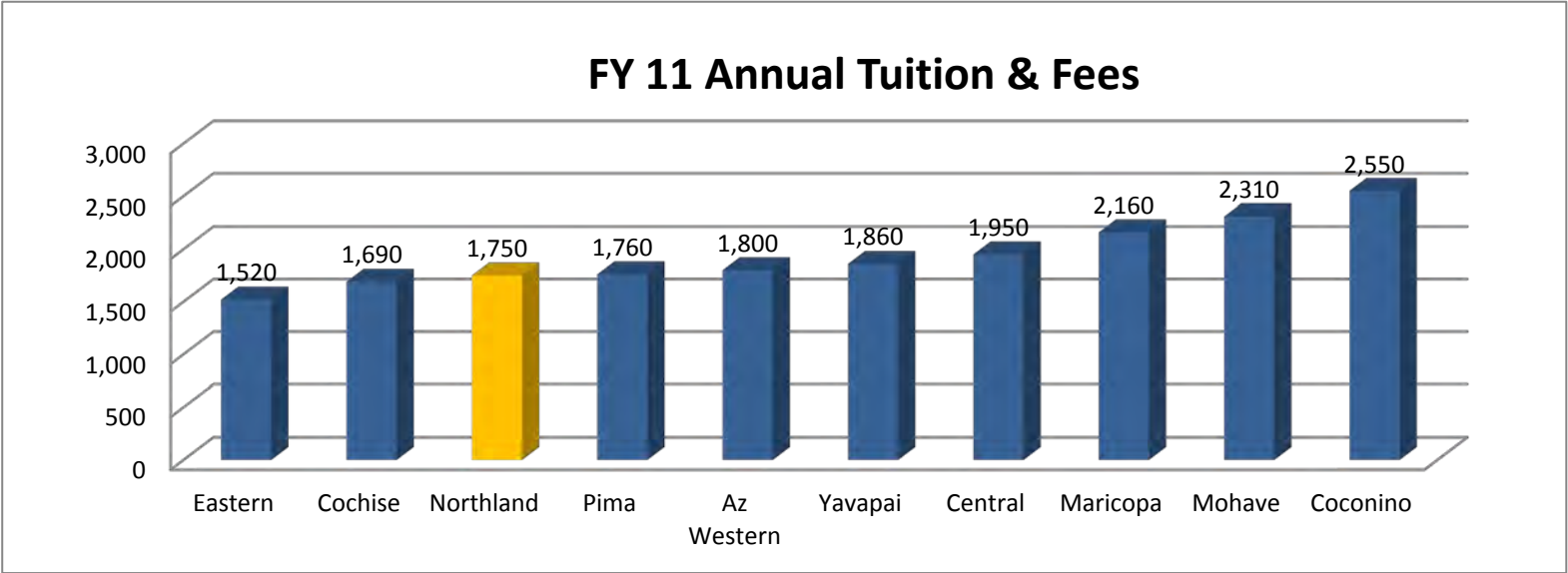
(Note - Fees include mandatory general fees (technology, registration, activity,etc.) - course fees are not included)

DISTRICT	2010- 2011				2011- 2012				FY 12 Tuition Increase per credit hr	% Increase FY 12 Annual Tuition & Fees
	Semester Tuition & Fees (15 cr hrs)	Annual Tuition & Fees (30 cr hrs)	Annual Fees (mandatory)	Tuition Rate (per cr hr)	Semester Tuition & Fees (15 cr hrs)	Annual Tuition & Fees (30 cr hrs)	Annual Fees (mandatory)	Tuition Rate (per cr hr)		
Cochise	\$ 845	\$ 1,690	\$ 70 ³	54	\$ 985	\$ 1,970	\$ 80 ³	\$ 63	9	16.6%
Coconino	\$ 1,275	2,550 ¹	150 ⁴	80	\$ 1,320	2,640 ¹	150 ⁴	\$ 83	3	3.5%
Gila					\$ 1,056	2,112		\$ 70		
Eastern	\$ 760	1,520 ²	-	63	\$ 800	1,600 ²	-	\$ 67	4	5.3%
Maricopa	\$ 1,080	2,160	30 ⁵	71	\$ 1,140	2,280	30 ⁵	\$ 76	5	5.6%
Mohave	\$ 1,155	2,310	240 ⁶	69	\$ 1,230	2,460	240 ⁶	\$ 74	5	6.5%
Northland	\$ 875	1,750	70 ⁷	56	\$ 935	1,870	70 ⁷	\$ 60	4	6.9%
Pima	\$ 880	1,760	155 ⁸	53.50	\$ 955	1,910	155 ⁸	\$ 59	5	8.5%
Central	\$ 975	1,950		65	\$ 1,050	2,100		\$ 70	5	7.7%
Yavapai	\$ 930	1,860	-	62	\$ 1,005	2,010	-	\$ 67	5	8.1%
Az Western	\$ 900	1,800	-	60	\$ 1,050	2,100	90 ⁹	\$ 70	10	16.7%
Average	\$ 968	\$ 1,935	\$ 79	\$ 63	\$ 1,048	\$ 2,096	\$ 91	\$ 69		8.52%

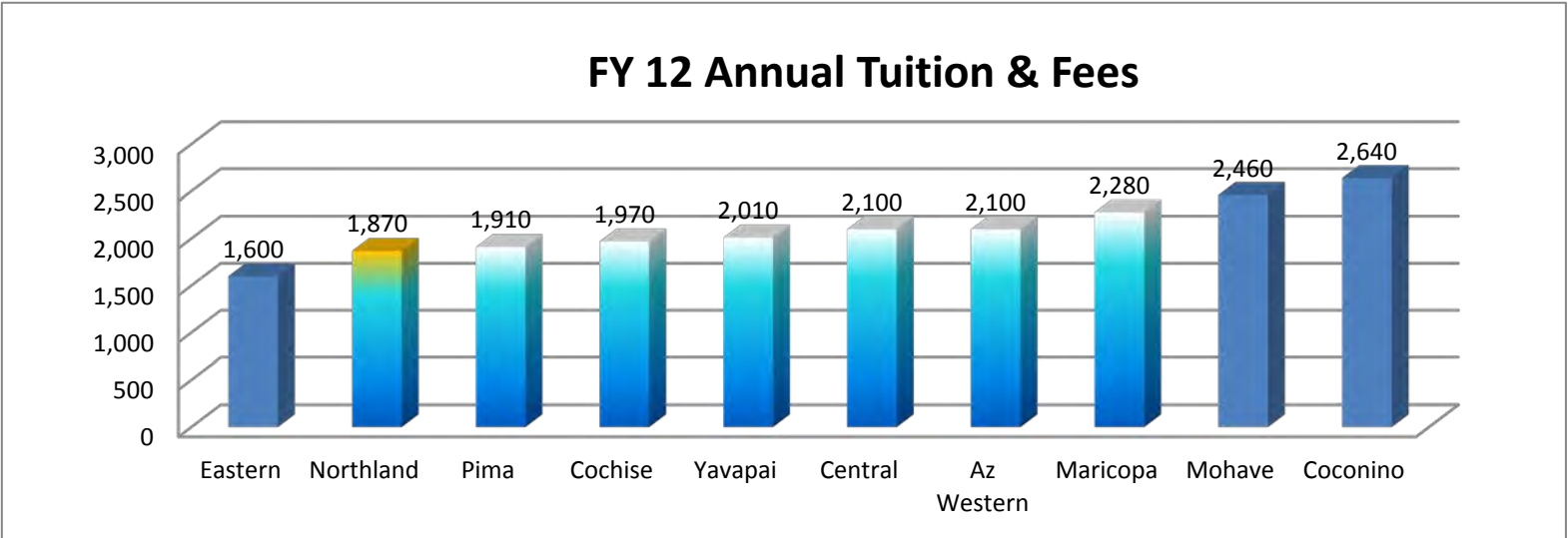
Notes :

- (1) Plateau at 16 -18 credit hrs
- (2) \$70 per hour for first two credits; plateau from 2-6 credit hours, then increase by \$110 per credit hour up to 12 credit hours per semester
- (3) \$20 registration fee & \$20 technology fee per semester
- (4) \$5 technology fee per credit hour
- (5) \$15 registration fee per semester.
- (6) \$6 technology fee & \$2 activity fee per credit hour
- (7) \$35 media fee per semester for students taking 3 credit hours or more per semester
- (8) \$2.50 student services fee & \$2 technology fee per credit hour, plus \$10 processing fee per semester
- (9) \$3 technology fee per credit hour

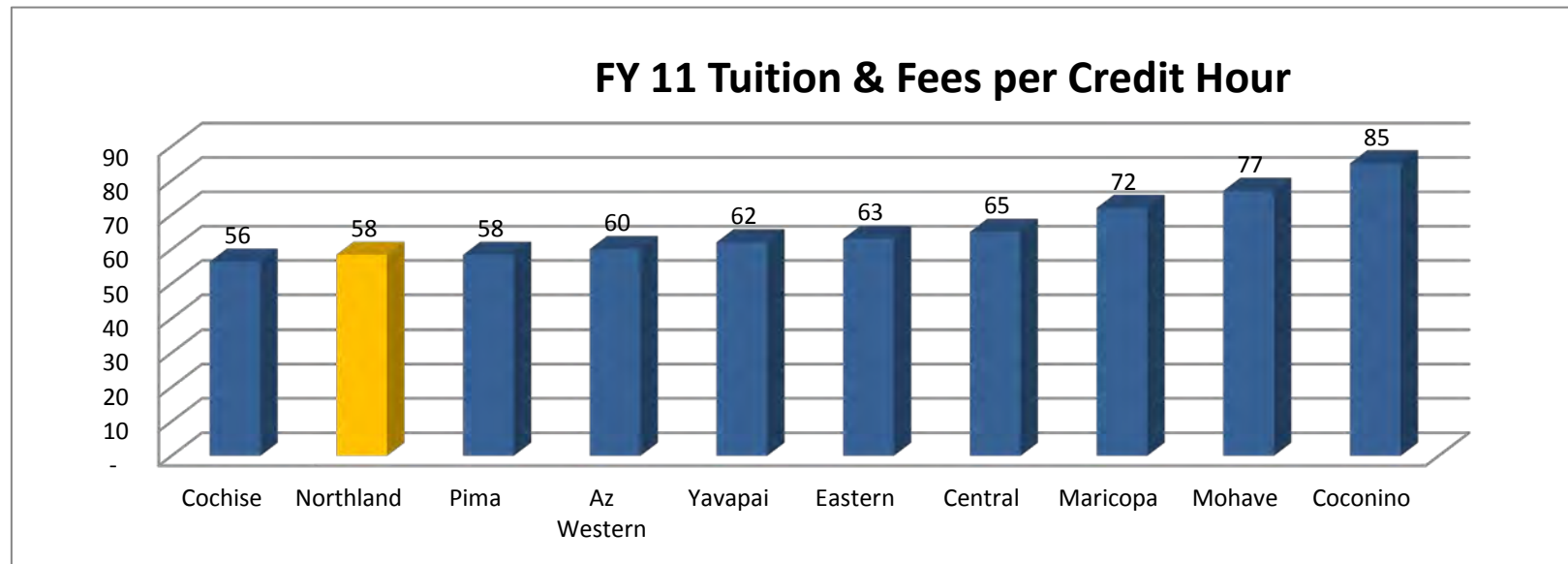
FY 2011	
Eastern	1,520
Cochise	1,690
Northland	1,750
Pima	1,760
Az Western	1,800
Yavapai	1,860
Central	1,950
Maricopa	2,160
Mohave	2,310
Coconino	2,550
Average	1,935



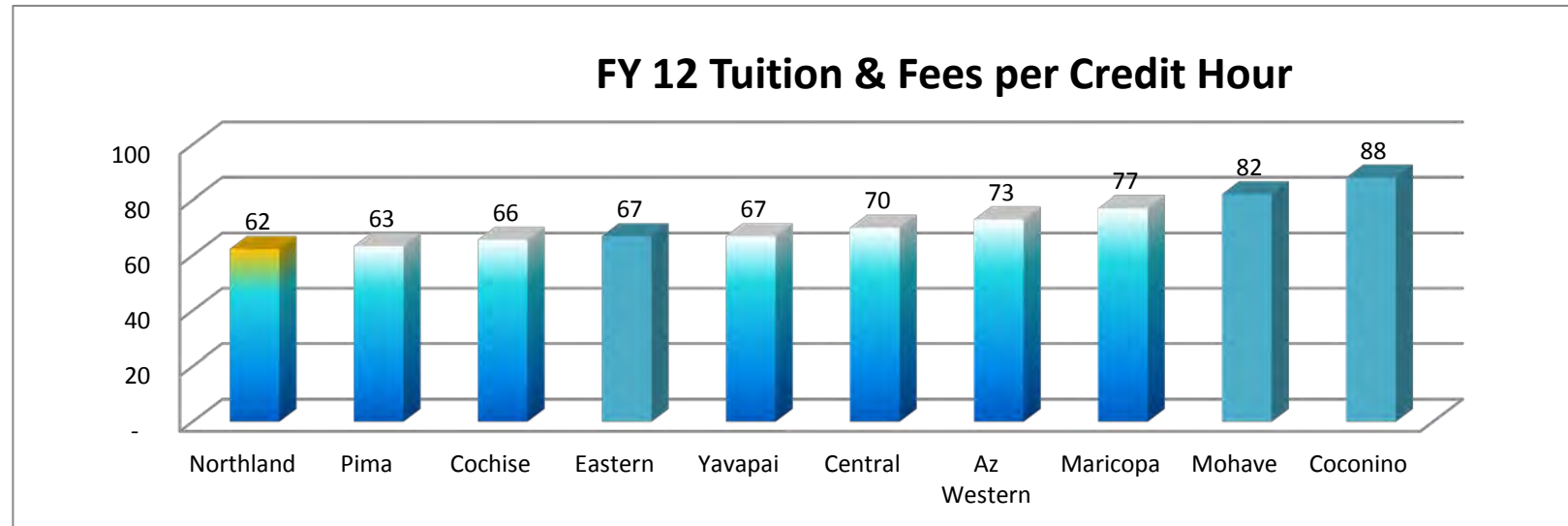
FY 2012	
Eastern	1,600
Northland	1,870
Pima	1,910
Cochise	1,970
Yavapai	2,010
Central	2,100
Az Western	2,100
Maricopa	2,280
Mohave	2,460
Coconino	2,640
Average	2,094



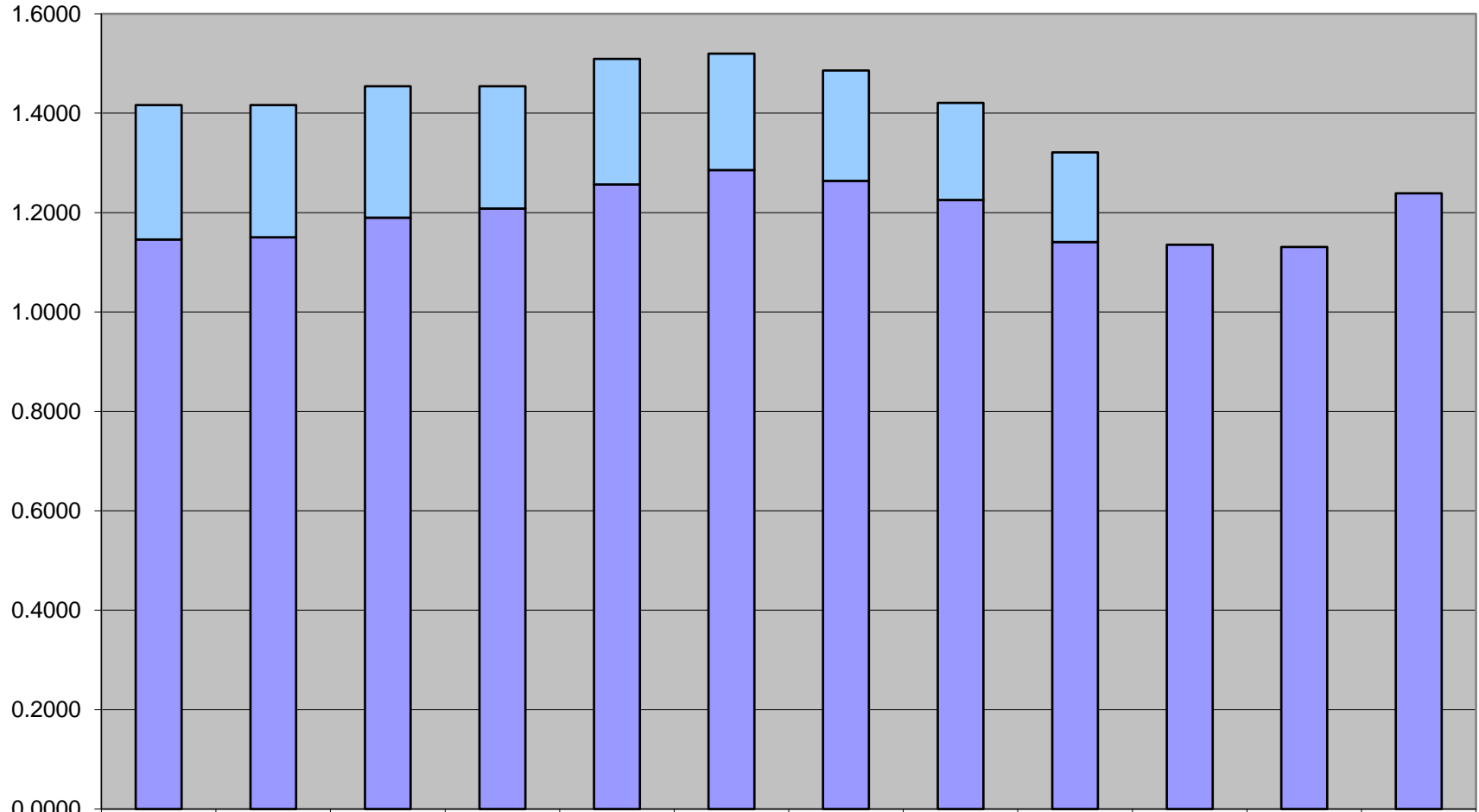
FY 2011			
	<u>Tuition</u>	<u>Fees</u>	<u>Total</u>
Cochise	54	2	56
Northland	56	2	58
Pima	53.50	5	58
Az Wester	60	0	60
Yavapai	62	0	62
Eastern	63	0	63
Central	65	0	65
Maricopa	71	1	72
Mohave	69	8	77
Coconino	80	5	85
Average	63	2	66



FY 2012			
	<u>Tuition</u>	<u>Fees</u>	<u>Total</u>
Northland	60	2	62
Pima	58.50	5	63
Cochise	63	3	66
Eastern	67	0	67
Yavapai	67	0	67
Central	70	0	70
Az Wester	70	3	73
Maricopa	76	1	77
Mohave	74	8	82
Coconino	83	5	88
Average	69	3	72



NPC Historical Property Tax Rates



Secondary	0.2700	0.2660	0.2642	0.2460	0.2526	0.2343	0.2219	0.1949	0.1800	0	0	0
Primary	1.1461	1.1504	1.1898	1.2081	1.2566	1.2857	1.2639	1.2257	1.141	1.1352	1.1308	1.2387

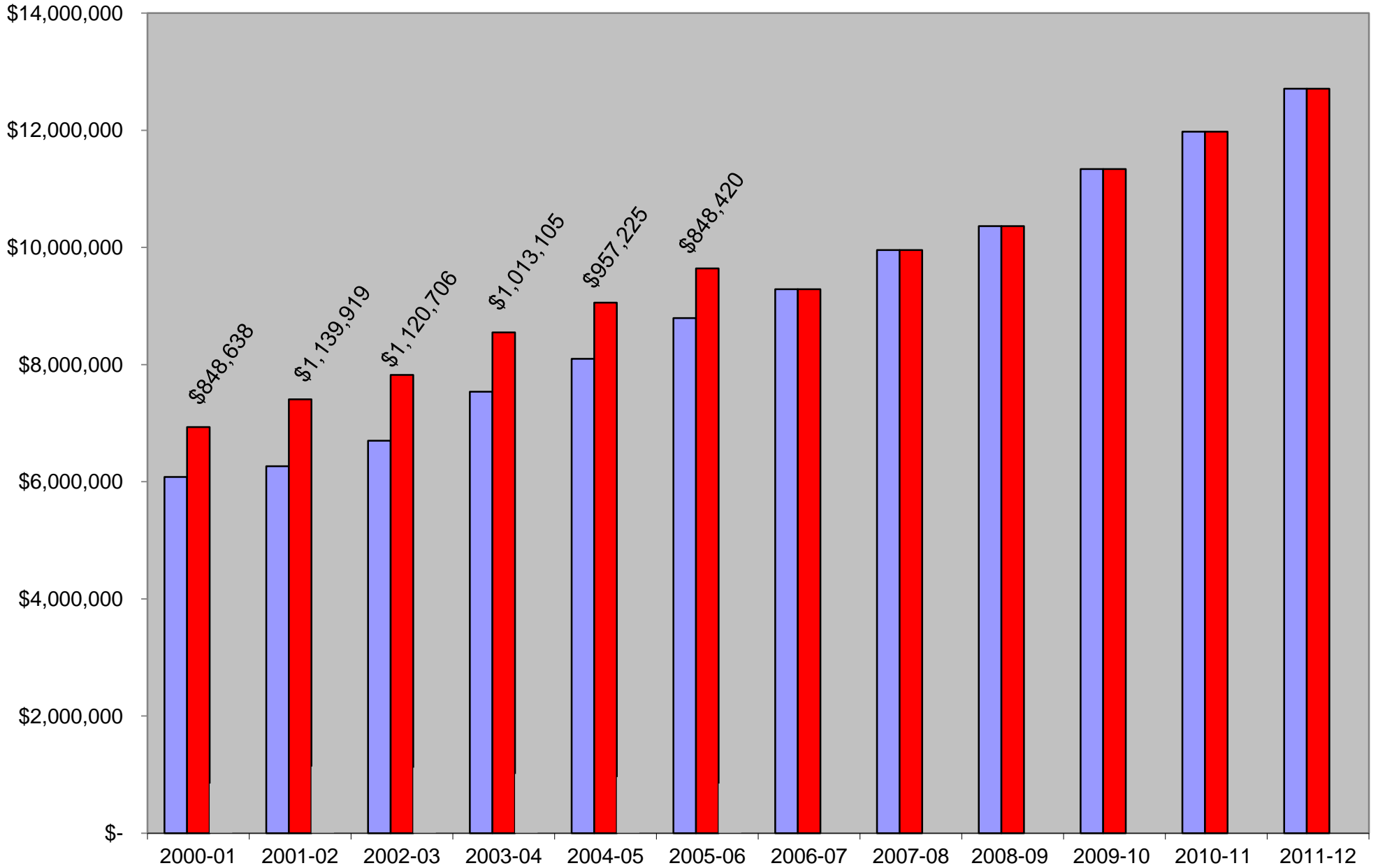
**Arizona Community Colleges
Comparative Property Tax Rates**

<u>DISTRICT</u>	2010 - 2011				2011- 2012			
	Primary	Secondary	Total	At Max	Primary	Secondary	Total	At Max
Cochise	\$ 1.5984	\$ -	\$ 1.5984	Yes	\$ 1.6657	\$ -	\$ 1.6657	Yes
Coconino	\$ 0.3352	\$ 0.0942	\$ 0.4294	Yes	\$ 0.3649	\$ 0.1085	\$ 0.4734	Yes
Gila	\$ 0.5978	\$ -	\$ 0.5978	Provisional	\$ 0.6833		\$ 0.6833	Provisional
Graham	\$ 2.1373	\$ -	\$ 2.1373	Yes	\$ 2.1445	\$ -	\$ 2.1445	Yes
Maricopa	\$ 0.7926	\$ 0.1802	\$ 0.9728	No	\$ 1.0123	\$ 0.1959	\$ 1.2082	No
Mohave	\$ 0.7866	\$ -	\$ 0.7866	Yes	\$ 0.9779	\$ -	\$ 0.9779	Yes
Navajo	\$ 1.1308	\$ -	\$ 1.1308	Yes	\$ 1.2387	\$ -	\$ 1.2387	Yes
Pima	\$ 0.9755	\$ 0.1093	\$ 1.0848	Yes	\$ 1.0846	\$ 0.0248	\$ 1.1094	Yes
Pinal	\$ 1.4700	\$ 0.1154	\$ 1.5854	Yes	\$ 1.6070	\$ 0.2459	\$ 1.8529	Yes
Santa Cruz	\$ 0.0690	\$ -	\$ 0.0690	Provisional	\$ 0.0690		\$ 0.0690	Provisional
Yavapai	\$ 1.2050	\$ 0.1560	\$ 1.3610	Yes	\$ 1.4270	\$ 0.1900	\$ 1.6170	Yes
Yuma/La Paz	\$ 1.5000	\$ 0.3043	\$ 1.8043	Yes	\$ 1.6164	\$ 0.3287	\$ 1.9451	Yes
Average*	\$ 1.1931	\$ 0.1599	\$ 1.3530		\$ 1.3139	\$ 0.1823	\$ 1.4962	

* Primary average does not include provisionals
Secondary average for districts with secondary assessment

Prior Year Primary Property Tax Levy	12,710,760
Current Year Net Assessed Valuation	995,353,011
Current Year Value of New Construction	37,500,000
Current Year Net Assessed Valuation minus new construction	957,853,011
Maximum Tax Rate Without a TNT Hearing	1.3270
Growth in Property Tax Levy Capacity from New Construction	497,627
Max Current Yr Primary Property Tax Levy W/O TNT Hearing	13,208,387
Proposed Current Year Primary Property Tax Levy	13,472,555
Prop Cur Yr Inc in Prim Prop Tax, Exclusive of New Construction	264,168
Proposed % Increase in Current Year Primary Property Tax Levy	2.00%
Proposed Current Year Primary Property Tax Rate	1.3535
Proposed Increase in Primary Property Tax Rate	0.0265
Prop Cur Yr Prim Prop Tax Levy on a Home Valued at \$100,000	135.35
Cur Yr Prim Prop Tax Levy on a \$100,000 Home if tax rate not inc	132.70
Prop Cur Yr Prim Prop Tax Levy increase on a Home Val at \$100,000	2.65
Maximum Current Year Levy	13,472,555
Maximum Current Year Rate	1.3535
Proposed Current Year Levy Below Maximum Levy	-
Proposed Current Year Rate Below Maximum Rate	-

NPC Primary Maximum Property Tax Levy compared to Actual Levy



FY 2014 Equalization Calculation ESTIMATED

EQUALIZATION

COMMUNITY
COLLEGE
DISTRICT
AV

	FY 09-10 2008 AV	FY 10-11 2009 AV	FY 11-12 2010 AV	FY 12-13 2011 AV	FY 13-14 2012 ESTIMATE
COCHISE	\$902,389,929	\$986,677,834	\$1,042,041,186	\$1,049,827,355	1,060,325,629
COCONINO	\$1,686,709,736	\$1,840,775,046	\$1,920,050,801	\$1,808,850,474	1,700,319,446
GRAHAM	\$175,053,028	\$221,874,583	\$217,455,207	\$228,474,104	239,897,809
MOHAVE	\$2,286,743,990	\$2,533,640,810	\$2,321,464,632	\$1,932,681,722	1,604,125,829
NAVAJO	\$908,357,696	\$998,764,550	\$1,059,004,850	\$1,026,137,125	995,353,011
PINAL	\$2,471,639,639	\$2,880,552,087	\$2,562,246,078	\$2,160,151,166	1,814,526,979
YAVAPAI	\$2,956,557,356	\$3,274,078,347	\$3,187,577,677	\$2,581,918,931	2,091,354,334
YUMA/LA PAZ	\$1,271,165,996	\$1,432,962,518	\$1,526,881,551	\$1,473,877,585	1,429,661,257
TOTAL	\$12,658,617,370	\$14,169,325,775	\$13,836,721,982	\$12,261,918,462	\$10,935,564,295
% INCREASE	18.83%	11.93%	-2.35%	-11.38%	-10.82%
ARS BASE AV	\$1,490,901,888	\$1,668,766,483	\$1,629,550,471	\$1,444,107,627	\$1,287,855,182
DIFFERENCE FROM ARS BASE AV DIVIDED/\$100	FY 09-10 2008 AV	FY 10-11 2009 AV	FY 11-12 2010 AV	FY 12-13 2011 AV	FY 13-14 2011 AV
COCHISE	\$5,885,120	\$6,820,886	\$5,875,093	\$3,942,803	\$2,275,296
COCONINO					
GRAHAM	\$13,158,489	\$14,468,919	\$14,120,953	\$12,156,335	\$10,479,574
MOHAVE					
NAVAJO	\$5,825,442	\$6,700,019	\$5,705,456	\$4,179,705	\$2,925,022
PINAL					
YAVAPAI					
YUMA/LA PAZ	\$2,197,359	\$2,358,040	\$1,026,689		
TOTAL	\$27,066,410	\$30,347,864	\$26,728,191	\$20,278,843	\$15,679,892
APPLIED TAX RATE	FY 09-10 2008 AV	FY 10-11 2009 AV	FY11-12 2010 AV	FY 12-13 2011 AV	FY 12-13 2011 AV
COCHISE	\$1.3700	\$1.3700	\$1.3700	\$1.3700	\$1.3700
COCONINO					
GRAHAM	\$1.3700	\$1.3700	\$1.3700	\$1.3700	\$1.3700
MOHAVE					
NAVAJO	\$1.1719	\$1.1308	\$1.1308	\$1.2387	\$ 1.3270
PINAL					\$ 1.3535
YAVAPAI					
YUMA/LA PAZ	\$1.3700	\$1.3700	\$1.3700		\$1.3700
CALCULATED EQUAL AID	FY 09-10 2008 AV	FY 10-11 2009 AV	FY 11-12 2010 AV	FY 12-13 2011 AV	FY 13-14 2012 AV
COCHISE	\$8,062,614	\$9,344,614	\$8,048,877	\$5,401,640	\$3,117,156
COCONINO		\$0			
GRAHAM	\$18,027,130	\$19,822,419	\$19,345,706	\$16,654,179	\$14,357,016
MOHAVE		\$0			
NAVAJO	\$6,826,835	\$7,576,381	\$6,451,730	\$5,177,401	\$3,881,504
PINAL		\$0			\$3,959,017
YAVAPAI		\$0			
YUMA/LA PAZ	\$3,010,382	\$3,230,515	\$1,406,564		
TOTAL	\$35,926,961	\$39,973,929	\$35,252,877	\$27,233,220	\$21,355,676
					\$21,433,189

Max tax w/o TNT
Max tax rate

not at Max tax
Max tax rate
difference
\$77,513

Wage Comparison

2010-2011

	Faculty	Classified Staff	Admin Staff
Average	0.73%	0.73%	0.73%
Yavapai	2.00%	2.00%	2.00%
NPC	-2.00%	-2.00%	-2.00%
Coconino	0.45%	0.45%	0.45%
Eastern	0.45%	0.45%	0.45%
Arizona Western	0.45%	0.45%	0.45%
Central	2.00%	2.00%	2.00%
Cochise*	0.45%	0.45%	0.45%
Mohave	2.40%	2.40%	2.40%
Pima	0.45%	0.45%	0.45%
Maricopa	0.60%	0.60%	0.60%
NPC var from Average	-2.73%	-2.73%	-2.73%

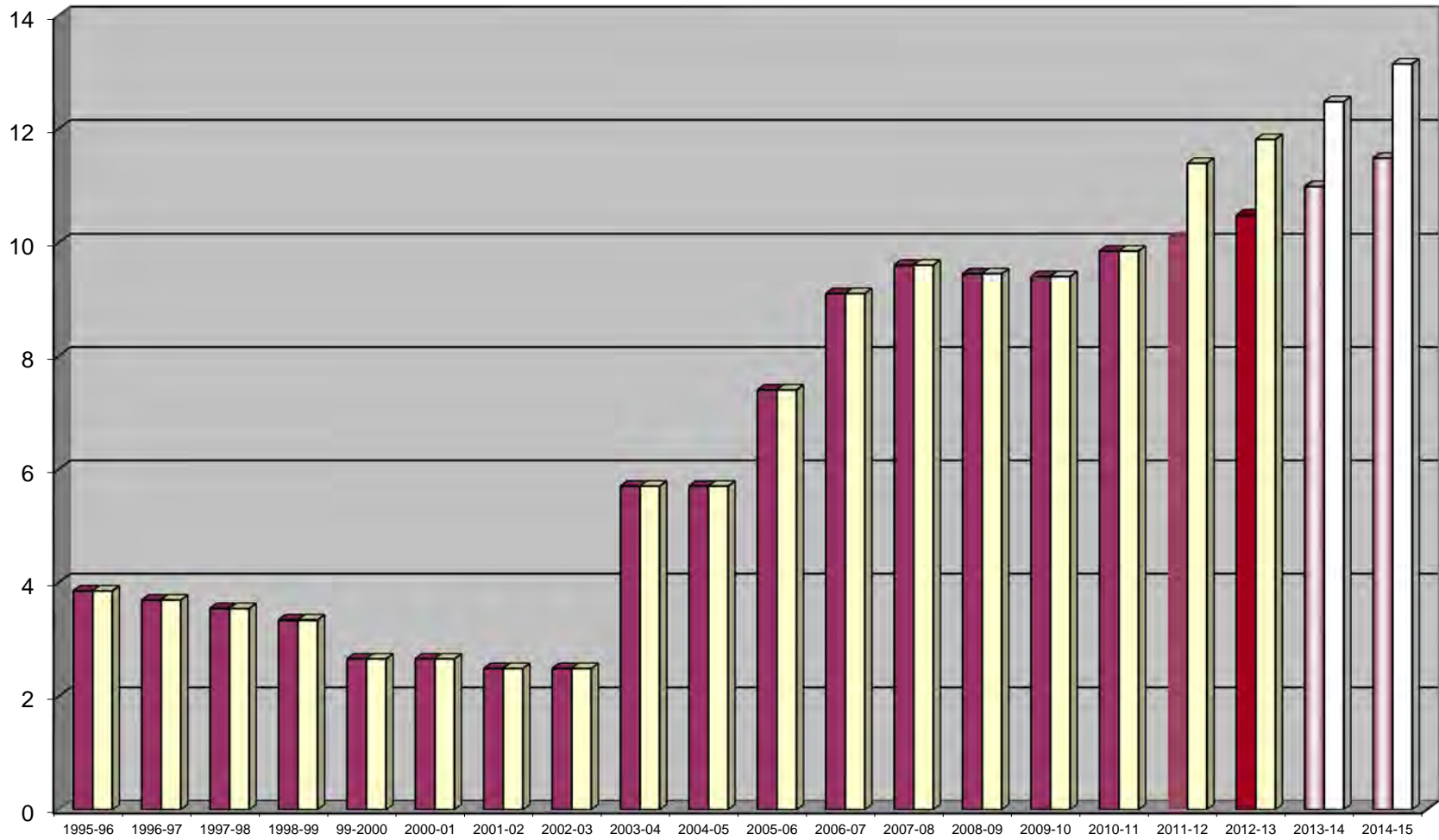
2011-2012

	Faculty	Classified Staff	Admin Staff
Average	2.35%	1.80%	1.70%
Yavapai	4.13%	3.60%	3.60%
NPC	4.00%	4.00%	4.00%
Coconino	3.90%	0.90%	0.90%
Eastern	0.00%	0.00%	0.00%
Arizona Western	2.00%	2.00%	2.00%
Central	0.00%	0.00%	0.00%
Cochise*	2.00%	2.00%	2.00%
Mohave	5.35%	3.35%	2.35%
Pima	1.50%	1.50%	1.50%
Maricopa	0.60%	0.60%	0.60%
NPC var from Average	1.65%	2.21%	2.31%
2YR Var from Average	-1.07%	-0.52%	-0.42%

* Plus \$500

ASRS Contribution Rates

Percentage of Payroll



**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
NORTHLAND PIONEER COLLEGE
BUDGET FOR FISCAL YEAR 2011-12
SUMMARY OF BUDGET DATA**

			Increase/(Decrease) From Budget 2010-11 To Budget 2011-12	
	Budget 2010-11	Budget 2011-12	Amount	%
I. CURRENT GENERAL AND PLANT FUNDS				
A. Expenditures:				
Current General Fund	\$ 24,437,607	\$ 22,107,760	\$ (2,329,847)	-9.5%
Unexpended Plant Fund	<u>2,560,000</u>	<u>4,400,000</u>	<u>1,840,000</u>	<u>71.9%</u>
Retirement of Indebtedness Plant Fund				
TOTAL	<u>\$ 26,997,607</u>	<u>\$ 26,507,760</u>	<u>\$ (489,847)</u>	<u>-1.8%</u>
B. Expenditures Per FTSE:				
Current General Fund	\$ 9,222 /FTSE	\$ 8,343 /FTSE	\$ (879) /FTSE	-9.5%
Unexpended Plant Fund	<u>\$ 966 /FTSE</u>	<u>\$ 1,660 /FTSE</u>	<u>\$ 694 /FTSE</u>	<u>71.9%</u>
II. EXPENDITURE LIMITATIONS				
		FISCAL YEAR 2010-11	\$ 17,086,770	
		FISCAL YEAR 2011-12	<u>\$ 16,251,916</u>	
III. AMOUNT RECEIVED FROM PRIMARY PROPERTY TAXES IN FISCAL YEAR 2010-11 IN EXCESS OF THE MAXIMUM ALLOWABLE AMOUNT AS CALCULATED PURSUANT TO A.R.S. §42-17051				
			\$ _____	
IV. MAXIMUM ALLOWABLE PRIMARY PROPERTY TAX LEVY FOR FISCAL YEAR 2011-12 PURSUANT TO A.R.S. §42-17051				
			<u>\$ 12,710,760</u>	
V. SUMMARY OF PRIMARY AND SECONDARY PROPERTY TAX LEVIES AND RATES:				
			Increase/(Decrease) From Budget 2010-11 To Budget 2011-12	
	Budget 2010-11	Budget 2011-12	Amount	%
A. Amount Levied:				
Primary Tax Levy	\$ 11,975,227	\$ 12,710,760	\$ 735,533	6.1%
Secondary Tax Levy				
TOTAL PROPERTY TAX LEVY	<u>\$ 11,975,227</u>	<u>\$ 12,710,760</u>	<u>\$ 735,533</u>	<u>6.1%</u>
B. Rates Per \$100 Net Assessed Valuation:				
Primary Tax Rate	\$ 1.1308	\$ 1.2387	\$ 0.1079	9.5%
Secondary Tax Rate				
TOTAL PROPERTY TAX RATE	<u>\$ 1.1308</u>	<u>\$ 1.2387</u>	<u>\$ 0.1079</u>	<u>9.5%</u>

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
NORTHLAND PIONEER COLLEGE
BUDGET FOR FISCAL YEAR 2011-12
CURRENT GENERAL FUND - REVENUES AND OTHER ADDITIONS**

	Estimated Actual 2010-11	Budget 2010-11	Budget 2011-12	Increase/(Decrease) From Budget 2010-11 To Budget 2011-12	
				Amount	%
REVENUES AND OTHER ADDITIONS BY SOURCE					
PROPERTY TAXES					
Primary Tax Levy	\$ 11,938,000	\$ 11,975,227	\$ 12,710,760	\$ 735,533	6.1%
Secondary Tax Levy - Override					
Subtotal	\$ 11,938,000	\$ 11,975,227	\$ 12,710,760	\$ 735,533	6.1%
STATE APPROPRIATIONS					
Maintenance Support	3,590,000	3,590,000	1,720,000	(1,870,000)	-52.1%
Equalization Aid	6,624,000	6,624,000	6,452,000	(172,000)	-2.6%
Subtotal	\$ 10,214,000	\$ 10,214,000	\$ 8,172,000	\$ (2,042,000)	-20.0%
GIFTS, GRANTS, AND CONTRACTS					
Government Grants and Contracts	1,350,000	750,000	1,350,000	600,000	80.0%
Indirect Costs Recovered					
Private Gifts, Grants, and Contracts					
Subtotal	\$ 1,350,000	\$ 750,000	\$ 1,350,000	\$ 600,000	80.0%
TUITION, REGISTRATION, AND STUDENT FEES					
General Tuition	3,100,000	3,205,000	3,400,000	195,000	6.1%
Out-of-District Tuition		600,000		(600,000)	-100.0%
Out-of-State Tuition	100,000	120,000	100,000	(20,000)	-16.7%
Student Fees	925,000	710,000	700,000	(10,000)	-1.4%
Tuition and Fee Remissions or Waivers					
Subtotal	\$ 4,125,000	\$ 4,635,000	\$ 4,200,000	\$ (435,000)	-9.4%
OTHER SOURCES					
Investment Income	100,000	100,000	125,000	25,000	25.0%
Other	200,000	63,380	100,000	36,620	57.8%
Subtotal	\$ 300,000	\$ 163,380	\$ 225,000	\$ 61,620	37.7%
Total Revenues and Other Additions	\$ 27,927,000	\$ 27,737,607	\$ 26,657,760	\$ (1,079,847)	-3.9%
UNRESTRICTED GENERAL FUND BALANCE AT JULY 1, APPLIED TO BUDGET					
	\$	\$	\$	\$	
TRANSFERS IN/(OUT)					
Transfer Out - Primary Tax Levy					
- Unexpended Plant Fund	(2,250,000)	(2,550,000)	(3,800,000)	(1,250,000)	49.0%
Auxiliary/Current Restricted	(500,000)	(750,000)	(750,000)		
TOTAL AMOUNT AVAILABLE FOR EXPENDITURES	\$ 25,177,000	\$ 24,437,607	\$ 22,107,760	\$ (2,329,847)	-9.5%

NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
NORTHLAND PIONEER COLLEGE
BUDGET FOR FISCAL YEAR 2011-12
PLANT FUNDS - REVENUES AND OTHER ADDITIONS

	Estimated Actual 2010-11	Budget 2010-11	Budget 2011-12	Increase/(Decrease) From Budget 2010-11 To Budget 2011-12	
				Amount	%
REVENUES AND OTHER ADDITIONS BY SOURCE					
UNEXPENDED PLANT FUND					
State Appropriations: Capital Support (____ FTSE @ \$ ____ each)	\$ _____	\$ _____	\$ _____	\$ _____	_____
Investment Income	_____	10,000	_____	(10,000)	-100.0%
Proceeds from Sale of Bonds	_____	_____	_____	_____	_____
Other Revenues and Additions	_____	_____	_____	_____	_____
Total Revenues and Other Additions	\$ _____	\$ 10,000	\$ _____	\$ (10,000)	-100.0%
RESTRICTED FUND BALANCE AT JULY 1	_____	975,000	600,000	(375,000)	-38.5%
TRANSFERS IN/(OUT)					
Transfer In - Primary Tax Levy - Current General Fund	2,250,000	2,550,000	3,800,000	1,250,000	49.0%
Less: Amounts accumulated for future capital acquisitions	(1,000,000)	(975,000)	_____	975,000	-100.0%
TOTAL AMOUNT AVAILABLE FOR EXPENDITURES - UNEXPENDED PLANT FUND	\$ 1,250,000	\$ 2,560,000	\$ 4,400,000	\$ 1,840,000	71.9%
RETIREMENT OF INDEBTEDNESS PLANT FUND					
Sources for payment of principal and interest on general obligation bonds	_____	_____	_____	_____	_____
Secondary Tax Levy	_____	_____	_____	_____	_____
Other (Identify)	_____	_____	_____	_____	_____
Total Revenues and Other Additions	\$ _____	\$ _____	\$ _____	\$ _____	_____
FUND BALANCE AT JULY 1 RESTRICTED FOR RETIREMENT OF GENERAL OBLIGATION BONDS					
TRANSFERS IN/(OUT)					
Less: Amounts restricted for future debt service requirements	_____	_____	_____	_____	_____
TOTAL AMOUNT AVAILABLE FOR RETIREMENT OF GENERAL OBLIGATION BONDS	\$ _____	\$ _____	\$ _____	\$ _____	_____

NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
NORTHLAND PIONEER COLLEGE
BUDGET FOR FISCAL YEAR 2011-12
PLANT FUNDS - REVENUES AND OTHER ADDITIONS

	Estimated Actual 2010-11	Budget 2010-11	Budget 2011-12	Increase/(Decrease) From Budget 2010-11 To Budget 2011-12	
				Amount	%
Sources for payment of principal and interest on revenue bonds (Identify)					
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
Total Revenues and Other Additions	\$ _____	\$ _____	\$ _____	\$ _____	_____
FUND BALANCE AT JULY 1 RESTRICTED FOR RETIREMENT OF REVENUE BONDS	_____	_____	_____	_____	_____
TRANSFERS IN/(OUT)					
Current General Fund	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
Less: Amounts restricted for future debt service requirements	_____	_____	_____	_____	_____
TOTAL AMOUNT AVAILABLE FOR RETIREMENT OF REVENUE BONDS	\$ _____	\$ _____	\$ _____	\$ _____	_____
Sources for payment of principal and interest on other long-term debt (Identify)					
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
Total Revenues and Other Additions	\$ _____	\$ _____	\$ _____	\$ _____	_____
FUND BALANCE AT JULY 1 RESTRICTED FOR RETIREMENT OF OTHER LONG-TERM DEBT	_____	_____	_____	_____	_____
TRANSFERS IN/(OUT)					
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
Less: Amounts restricted for future debt service requirements	_____	_____	_____	_____	_____
TOTAL AMOUNT AVAILABLE FOR RETIREMENT OF OTHER LONG-TERM DEBT	\$ _____	\$ _____	\$ _____	\$ _____	_____
TOTAL AMOUNT AVAILABLE FOR EXPENDITURES- RETIREMENT OF INDEBTEDNESS PLANT FUND	\$ _____	\$ _____	\$ _____	\$ _____	_____

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
NORTHLAND PIONEER COLLEGE
BUDGET FOR FISCAL YEAR 2011-12
CURRENT GENERAL FUND AND PLANT FUNDS - EXPENDITURES AND OTHER DEDUCTIONS**

	Estimated Actual 2010-11	Budget 2010-11	Budget 2011-12	Increase/(Decrease) From Budget 2010-11 To Budget 2011-12	
				Amount	%
CURRENT GENERAL FUND					
Instruction	\$ 8,600,000	\$ 9,600,000	\$ 8,026,000	\$ (1,574,000)	-16.4%
Public Service					
Academic Support	1,100,000	1,100,000	1,659,000	559,000	50.8%
Student Services	1,600,000	1,800,000	1,377,000	(423,000)	-23.5%
Institutional Support (Administration)	6,600,000	7,500,000	7,069,000	(431,000)	-5.7%
Operation and Maintenance of Plant	2,000,000	2,150,000	1,756,000	(394,000)	-18.3%
Scholarships	280,000	350,000	283,000	(67,000)	-19.1%
Contingency		1,937,607	1,937,760	153	0.0%
TOTAL EXPENDITURES AND OTHER DEDUCTIONS OF CURRENT GENERAL FUND	\$ 20,180,000	\$ 24,437,607	\$ 22,107,760	\$ (2,329,847)	-9.5%
PLANT FUNDS:					
UNEXPENDED PLANT FUND					
Land	\$	\$	\$	\$	
Buildings	400,000	990,000	1,480,000	490,000	49.5%
Improvements Other Than Buildings	150,000	415,000	500,000	85,000	20.5%
Equipment	240,000	750,000	2,000,000	1,250,000	166.7%
Library Books	50,000	50,000	50,000		
Museum and Art Collections					
Construction in Progress					
Contingency					
Retirement of Indebtedness - Capital Leases and Installment Purchases	410,000	355,000	370,000	15,000	4.2%
Interest on Indebtedness - Capital Leases and Installment Purchases					
TOTAL EXPENDITURES AND OTHER DEDUCTIONS OF UNEXPENDED PLANT FUND	\$ 1,250,000	\$ 2,560,000	\$ 4,400,000	\$ 1,840,000	71.9%
RETIREMENT OF INDEBTEDNESS PLANT FUND					
Retirement of Indebtedness - General Obligation Bonds	\$	\$	\$	\$	
Interest on Indebtedness - General Obligation Bonds					
Retirement of Indebtedness - Revenue Bonds					
Interest on Indebtedness - Revenue Bonds					
Retirement of Indebtedness - Other Long-Term Debt					
Interest on Indebtedness - Other Long-Term Debt					
Other-Property Tax Judgement					
TOTAL EXPENDITURES AND OTHER DEDUCTIONS OF RETIREMENT OF INDEBTEDNESS PLANT FUND	\$	\$	\$	\$	

NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
NORTHLAND PIONEER COLLEGE
BUDGET FOR FISCAL YEAR 2011-12
CURRENT AUXILIARY ENTERPRISES FUND - REVENUES AND OTHER ADDITIONS

	Estimated Actual 2010-11	Budget 2010-11	Budget 2011-12	Increase/(Decrease) From Budget 2010-11 To Budget 2011-12	
				Amount	%
REVENUES AND OTHER ADDITIONS BY SOURCE					
TUITION AND STUDENT FEES					
General Tuition	\$ _____	\$ _____	\$ _____	\$ _____	_____
Out-of-District Tuition	_____	_____	_____	_____	_____
Out-of-State Tuition	_____	_____	_____	_____	_____
Student Fees	_____	_____	_____	_____	_____
Tuition and Fee Remissions or Waivers	_____	_____	_____	_____	_____
Subtotal	\$ _____	\$ _____	\$ _____	\$ _____	_____
SALES AND SERVICES					
Bookstore Sales	125,000	150,000	150,000	_____	_____
Food Services Sales	_____	_____	_____	_____	_____
Dormitory Rentals	_____	_____	_____	_____	_____
Intercollegiate Athletics	_____	_____	_____	_____	_____
Parking Fees or Permits	_____	_____	_____	_____	_____
Other Sales and Services	225,000	70,000	225,000	155,000	221.4%
Subtotal	\$ 350,000	\$ 220,000	\$ 375,000	\$ 155,000	70.5%
OTHER REVENUES AND ADDITIONS					
Investment Income	_____	_____	_____	_____	_____
Other (Identify)	_____	_____	_____	_____	_____
Subtotal	\$ _____	\$ _____	\$ _____	\$ _____	_____
Total Revenues and Other Additions	\$ 350,000	\$ 220,000	\$ 375,000	\$ 155,000	70.5%
UNRESTRICTED FUND BALANCE AT JULY 1					
TRANSFERS IN/(OUT)					
Current General Fund	_____	350,000	150,000	(200,000)	-57.1%
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
TOTAL AMOUNT AVAILABLE FOR EXPENDITURES	\$ 350,000	\$ 570,000	\$ 525,000	\$ (45,000)	-7.9%

NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
NORTHLAND PIONEER COLLEGE
BUDGET FOR FISCAL YEAR 2011-12
CURRENT RESTRICTED FUND - REVENUES AND OTHER ADDITIONS

	Estimated Actual 2010-11	Budget 2010-11	Budget 2011-12	Increase/(Decrease) From Budget 2010-11 To Budget 2011-12	
				Amount	%
<u>REVENUES AND OTHER ADDITIONS BY SOURCE</u>					
GIFTS, GRANTS, AND CONTRACTS					
Federal Grants and Contracts	\$ 4,450,000	\$ 4,000,000	\$ 4,200,000	\$ 200,000	5.0%
State Grants and Contracts	180,000	600,000	200,000	(400,000)	-66.7%
Local Grants and Contracts					
Private Gifts, Grants, and Contracts	400,000	550,000	400,000	(150,000)	-27.3%
Subtotal	\$ 5,030,000	\$ 5,150,000	\$ 4,800,000	\$ (350,000)	-6.8%
OTHER REVENUES AND ADDITIONS					
Investment Income					
State Shared Sales Tax	400,000		400,000	400,000	
Other (Identify)					
Subtotal	\$ 400,000	\$	\$ 400,000	\$ 400,000	
Total Revenues and Other Additions	\$ 5,430,000	\$ 5,150,000	\$ 5,200,000	\$ 50,000	1.0%
RESTRICTED FUND BALANCE AT JULY 1					
TRANSFERS IN/(OUT)					
General Fund	500,000	400,000	600,000	200,000	50.0%
TOTAL AMOUNT AVAILABLE FOR EXPENDITURES	\$ 5,930,000	\$ 5,550,000	\$ 5,800,000	\$ 250,000	4.5%

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
NORTHLAND PIONEER COLLEGE
BUDGET FOR FISCAL YEAR 2011-12
CURRENT AUXILIARY ENTERPRISES AND CURRENT RESTRICTED FUNDS - EXPENDITURES AND OTHER DEDUCTIONS**

	Estimated Actual 2010-11	Budget 2010-11	Budget 2011-12	Increase/(Decrease) From Budget 2010-11 To Budget 2011-12	
				Amount	%
CURRENT AUXILIARY ENTERPRISES FUND					
Bookstore	\$ 125,000	\$ 225,000	\$ 150,000	\$ (75,000)	-33.3%
Food Services					
Dormitories					
Intercollegiate Athletics					
Other Sales and Services	225,000	345,000	375,000	30,000	8.7%
TOTAL EXPENDITURES AND OTHER DEDUCTIONS OF CURRENT AUXILIARY ENTERPRISES FUND	<u>\$ 350,000</u>	<u>\$ 570,000</u>	<u>\$ 525,000</u>	<u>\$ (45,000)</u>	<u>-7.9%</u>
CURRENT RESTRICTED FUND					
Instruction	\$ 710,000	\$ 700,000	\$ 700,000		
Public Service	10,000	15,000	10,000	(5,000)	-33.3%
Academic Support					
Student Services	665,000	800,000	650,000	(150,000)	-18.8%
Institutional Support (Administration)	45,000	35,000	40,000	5,000	14.3%
Operation and Maintenance of Plant					
Scholarships	4,500,000	4,000,000	4,400,000	400,000	10.0%
TOTAL EXPENDITURES AND OTHER DEDUCTIONS OF CURRENT RESTRICTED FUND	<u>\$ 5,930,000</u>	<u>\$ 5,550,000</u>	<u>\$ 5,800,000</u>	<u>\$ 250,000</u>	<u>4.5%</u>

2011 LEVY LIMIT WORKSHEET

NAVAJO COUNTY

NORTHLAND PIONEER COLLEGE

MAXIMUM LEVY LIMIT

2010

A.1	Maximum Allowable Primary Tax Levy	\$11,975,227
A.2	A.1 multiplied by 1.02	\$12,214,732

**CURRENT YEAR NET ASSESSED VALUE
SUBJECT TO TAXATION IN PRIOR YEAR**

2011

B.1	Centrally Assessed	229,419,532
B.2	Locally Assessed Real Property	736,808,874
B.3	Locally Assessed Personal Property	19,848,674
B.4	Total Assessed Value (B.1 through B.3)	986,077,080
B.5	B.4. Divided by 100	\$9,860,771

CURRENT YEAR NET ASSESSED VALUES

2011

C.1	Centrally Assessed	260,662,273
C.2	Locally Assessed Real Property	745,626,178
C.3	Locally Assessed Personal Property	19,848,674
C.4	Total Assessed Value (C.1 THROUGH C.3.)	1,026,137,125
C.5	C.4 divided by 100	\$10,261,371

LEVY LIMIT CALCULATION

2011

D.1.	LINE A.2	\$12,214,732
D.2.	LINE B.	\$9,860,771
D.3.	D.1/D.2 (maximum allowable tax rate)	1.2387
D.4.	LINE C.5	\$10,261,371
D.5.	D.3 multiplied by D.4 = MAXIMUM ALLOWABLE LEVY LIMIT	\$12,710,761
D.6	Excess Collections/Excess Levy	-
D.7	Amount in Excess of Expenditure Limit	-
D.8	ALLOWABLE LEVY LIMIT	\$12,710,761
	D.5 - D.6 - D.7	

ADJUSTED ALLOWABLE LEVY LIMIT CALCULATION

2011

E.1.	ACCEPTED TORTS	-
E.2.	ADJUSTED ALLOWABLE LEVY LIMIT (D.8. + E.1.)	\$12,710,761

OVER LEVY CALCULATION

2011

F.1.	ACTUAL PRIMARY PROPERTY TAX LEVY	\$12,710,761
F.2.	OVER LEVY (F.1. - E.2.)	-

TAX RATE 1.2387

Request to Accept the Single Audit Reporting Package for the Fiscal Year Ended June 30, 2011

Recommendation: Staff recommends acceptance of the Single Audit Reporting Package for the fiscal year ended June 30, 2011.

Summary:

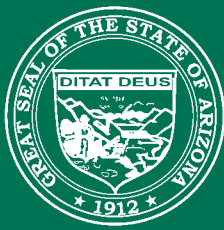
Copies of the Single Audit Reporting Package have separately been sent to the Board by the Office of the Auditor General. The audit resulted in an Unqualified Opinion on the Financial Statements with three findings. The independent auditors also identified an issue of non-compliance related to funds received for the construction of an emergency response facility (NATC). The use of the funds is not in question; the matter of control of the facility needs to be addressed. Two findings are identified in the Federal Awards section, which resulted in an Unqualified Opinion for all major programs except for the Career and Technical Education-Basic Grants to States program, which was qualified.

The 2011 audit was again completed well ahead of the submission deadline established by the US Department of Education, March 31, 2012. The audit was submitted to the US Department of Education on December 22, 2011. Many people across many departments were involved in the completion of the audit, including Bookstore, Business Office, Computer Services, Financial Aid, Information Services, Maintenance, Payroll, and Records and Registration. The key facilitator of the effort was Maderia Ellison, Director of Financial Services.

Management and staff of the Office of the Auditor General continue to provide timely and professional work. Jay Zsorey, CPA, Financial Audit Director of the Office of the Auditor General will be in attendance to review the audit package and answer Board questions. Mr. Zsorey has been involved in oversight of the audit process for NPC for many years.

The Single Audit Report will be reviewed by the Audit Committee on January 12, 2012.





A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Single Audit

Navajo County Community College District

(Northland Pioneer College)

Year Ended June 30, 2011



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 of school districts, state agencies, and the programs they administer.



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Navajo County Community College District
(Northland Pioneer College)
Single Audit Reporting Package
Year Ended June 30, 2011

Table of Contents	Page
Financial Section	
Independent Auditors' Report	
Management's Discussion and Analysis	i
Statement of Net Assets—Primary Government	1
Statement of Financial Position—Component Unit	3
Statement of Revenues, Expenses, and Changes in Net Assets—Primary Government	4
Statement of Activities—Component Unit	5
Statement of Cash Flows—Primary Government	6
Notes to Financial Statements	8
Supplementary Information	
Schedule of Expenditures of Federal Awards	22
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 <i>Government Auditing Standards</i>	25
Single Audit Section	
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	27
Schedule of Findings and Questioned Costs	
Summary of Auditors' Results	29
Financial Statement Findings	31
Federal Award Findings and Questioned Costs	35
District Responses	
Corrective Action Plan	37



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

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Navajo County Community College District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the discretely presented component unit were not audited by the other auditors in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Navajo County Community College District as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis on pages i through vii is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards listed in the table of contents is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Debbie Davenport
Auditor General

December 22, 2011

Navajo County Community College District
(Northland Pioneer College)
Management's Discussion and Analysis
Year Ended June 30, 2011

This discussion and analysis prepared by the District's management introduces the basic financial statements and provides an overview of the District's financial activities for the year ended June 30, 2011. Please read it in conjunction with the 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 Assets* reflects the District's financial position at June 30, 2011. It shows the various assets owned or controlled, related liabilities and other obligations, and the various categories of net assets. Net assets is an accounting concept defined as total assets less total liabilities, and as such, represent institutional equity or ownership in the District's total assets.

The *Statement of Revenues, Expenses, and Changes in Net Assets* reflects the results of operations and other changes for the year ended June 30, 2011. It shows the various revenues and expenses, both operating and nonoperating, reconciling the beginning net assets amount to the ending net assets amount, which is shown on the *Statement of Net Assets* described above.

The *Statement of Cash Flows* reflects the inflows and outflows of cash and cash equivalents for the year ended June 30, 2011. 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 Assets* described above. In addition, this statement reconciles cash used for operating activities to operating loss on the *Statement of Revenues, Expenses, and Changes in Net Assets* 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 Assets*. 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, deferred revenues, accrued payroll and employee benefits. Net assets are divided into three categories reflecting the broad

Navajo County Community College District
(Northland Pioneer College)
Management's Discussion and Analysis
Year Ended June 30, 2011

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 assets are unrestricted but are dedicated to the District's primary mission. Over time, increases or decreases in net assets 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, 2011, and June 30, 2010:

**Condensed Statement of Net Assets—Primary Government
as of June 30**

	<u>2011</u>	<u>2010 (As adjusted*)</u>	<u>% Change</u>
Assets:			
Current assets	\$35,836,165	\$26,703,627	34%
Noncurrent assets, other than capital assets	822,062	809,928	1%
Capital assets, net	<u>31,586,774</u>	<u>32,314,878</u>	-2%
Total assets	<u>68,245,001</u>	<u>59,828,433</u>	14%
Liabilities:			
Other liabilities	1,430,024	989,254	45%
Long-term liabilities	<u>398,385</u>	<u>311,160</u>	28%
Total liabilities	<u>1,828,409</u>	<u>1,300,414</u>	41%
Net Assets			
Invested in capital assets, net of related debt	31,503,651	32,314,878	-3%
Restricted net assets	717,570	716,192	0%
Unrestricted net assets	<u>34,195,371</u>	<u>25,496,949</u>	34%
Total net assets	<u>\$66,416,592</u>	<u>\$58,528,019</u>	13%

* The 2010 current assets and noncurrent assets, other than capital assets, were adjusted to reclassify student loans receivable amounts from noncurrent to current assets in accordance with corrected allowance methodologies.

Current assets increased \$9.1 million. The increase is primarily related to cash and investments held with the state and county treasurers and local banks, which increased \$9.7 million as a result of cost containment and planning initiatives. The increase will be used to help fund future capital needs. The increase was offset by a reduction in inventories of \$843,000 and prepaid items of \$417,000. The reduction in inventories is related to liquidation of books; the District no longer maintains a physical bookstore but offers an online bookstore option to its students managed by a third-party vendor.

Navajo County Community College District
(Northland Pioneer College)
Management's Discussion and Analysis
Year Ended June 30, 2011

Other liabilities increased \$485,000; the increase is primarily related to recognition of deferred revenues of \$859,000 associated with early registration for Fall 2011. Several changes such as limited class offerings, late registration fees, release of financial aid awards prior to the start of the semester, and the adoption of an online bookstore have led students to register earlier than prior years.

Total net assets increased \$7.9 million due to a net increase from operations. The District has dedicated \$9.9 million of unrestricted net assets to support capital needs over the next several years. In the upcoming year, the District plans to use \$2.0 million on deferred maintenance and repair of existing buildings and parking lots, and development of a Master Facilities Plan to assess future needs. Another \$1.5 million of unrestricted net assets will be used to address upgrades to the enterprise resource planning system, the telephone system, and other network infrastructure. A significant amount of facilities maintenance was deferred in prior years to help manage expenses as state appropriations declined, and state capital appropriations were completely eliminated. While the District plans to use portions of its unrestricted net assets to allow it to provide consistent quality of services to students and communities, regular evaluation of financial resources will continue during the uncertain economic climate.

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

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

The District shows an operating loss because the three largest revenue sources, property taxes, state appropriations, and government grants are considered nonoperating revenues. Please refer to the Summary of Significant Accounting Policies (Note 1) on page 8, 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, 2011

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

	<u>2011</u>	<u>2010</u>	<u>% Change</u>
Revenues:			
Operating			
Tuition and fees, net	\$ 2,319,373	\$ 3,062,113	-24%
Government contracts	2,060,376	1,868,359	10%
Private grants and contracts	345,534	450,763	-23%
Bookstore income, net	28,892	701,123	-96%
Other	<u>369,299</u>	<u>297,825</u>	24%
Total operating revenues	<u>5,123,474</u>	<u>6,380,183</u>	-20%
Nonoperating			
Property taxes	11,988,497	11,353,707	6%
State appropriations	10,214,000	10,214,000	0%
Government grants	4,955,825	4,956,184	0%
Share of state sales taxes	386,743	422,737	-9%
Investment earnings	124,907	130,891	-5%
Gain on disposal of capital assets	<u>3,563</u>		
Total nonoperating revenues	<u>27,673,535</u>	<u>27,077,519</u>	2%
Total revenues	<u>32,797,009</u>	<u>33,457,702</u>	-2%
Expenses:			
Operating	24,905,008	25,884,021	-4%
Nonoperating	<u>3,428</u>		
Total expenses	<u>24,908,436</u>	<u>25,884,021</u>	-4%
Increase in net assets	7,888,573	7,573,682	4%
Total net assets, July 1	<u>58,528,019</u>	<u>50,954,337</u>	15%
Total net assets, June 30	<u>\$66,416,592</u>	<u>\$58,528,019</u>	13%

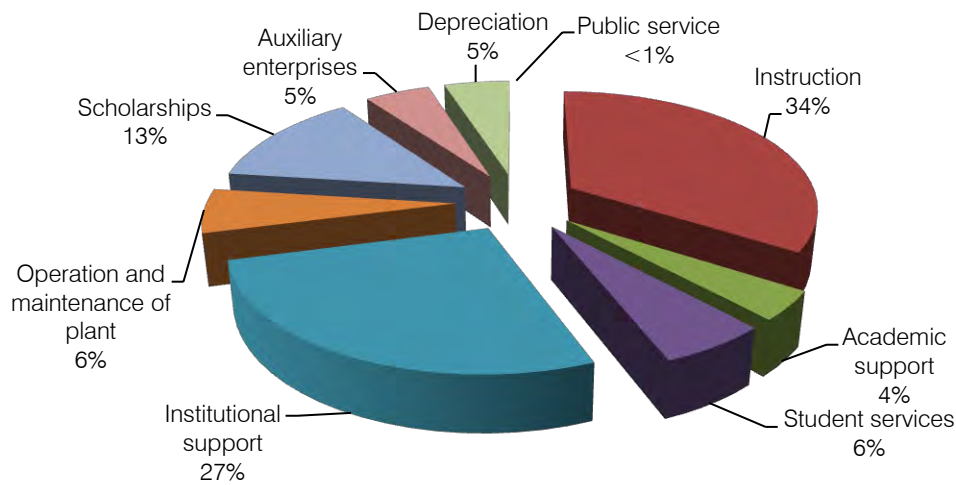
Operating revenues decreased overall by \$1.3 million. Tuition and fees decreased \$743,000 related primarily to recognition of deferred revenues of \$859,000 associated with early registration. Several changes, such as limited class offerings, late registration fees, release of financial aid awards prior to the start of the semester, and the adoption of an online bookstore, have led students to register earlier than prior years. Government contracts increased \$192,000 related primarily to the agreement to provide educational services to Apache County. When the District installed a new wide-area network system, equipment of \$215,000 was required for Apache County services. Private grants and contracts decreased \$105,000 as three grant projects have concluded. Bookstore income decreased \$672,000 due to the District's decision to adopt an online bookstore, managed by a third party, instead of maintaining a physical bookstore. Beginning with the Summer 2010 semester, textbooks are available to students through an online vendor contracted by the District. Textbooks are delivered directly to the student. Students may also purchase textbooks from other online vendors.

Navajo County Community College District
(Northland Pioneer College)
Management's Discussion and Analysis
Year Ended June 30, 2011

Nonoperating revenues increased overall by 2 percent, or \$596,000, related primarily to an increase in property taxes. The increase in property taxes was offset by reductions in share of state sales taxes and investment income; reductions in both areas were related to the current weak economic conditions. State appropriations remained unchanged from the prior year; however, state funding continues to be reduced and debated.

	<u>2011</u>	<u>2010 (As adjusted*)</u>	<u>% Change</u>
Operating Expenses			
Educational and general:			
Instruction	\$ 8,450,971	\$ 9,067,801	-7%
Public service	13,128	14,178	-7%
Academic support	996,556	985,173	1%
Student services	1,532,942	1,693,771	-9%
Institutional support	6,681,808	7,151,218	-7%
Operation and maintenance of plant	1,563,034	1,599,258	-2%
Scholarships	3,128,320	2,666,186	17%
Auxiliary enterprises	1,217,755	1,270,886	-4%
Depreciation	<u>1,320,494</u>	<u>1,435,550</u>	-8%
Total operating expenses	<u>24,905,008</u>	<u>25,884,021</u>	-4%
Total expenses	<u>\$24,905,008</u>	<u>\$25,884,021</u>	-4%

2011 Operating Expenses by Category



* The 2010 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)
Management's Discussion and Analysis
Year Ended June 30, 2011

Operating expenses decreased overall by 4 percent, or \$979,000. The District instituted cost containment initiatives in fiscal year 2009 that were still in place in both fiscal years 2010 and 2011. The initiatives were put in place in response to the state budget cuts and included layoffs; a hiring and wage freeze; and closure and consolidation of facilities. The District is concerned with maintaining comprehensive and quality services to the students and communities in its service area, and for fiscal year 2012, continues to plan appropriately. Scholarships, included in operating expenses, increased 17 percent, or \$462,000, related to the District's decision to adopt an online bookstore, managed by a third party. This change significantly reduced the scholarship allowance for books which is netted against scholarship expenses. The scholarship allowances decrease has the effect of increasing scholarship expense. In fiscal year 2011, students began purchasing their books from a third party vendor.

Capital Assets and Debt Administration

Capital assets are defined as those items costing over \$5,000 and which have an estimated useful life of more than one year. The District held off major capital acquisitions and construction due to the state of the economy, but has designated \$9.9 million of unrestricted net assets to address capital needs over the next several years. The District will be focusing on facilities and information technology needs.

A three-year plan to address maintenance and repair of existing buildings and parking lots is expected to bring facilities up to standards district-wide. These expenses were deferred in prior years to help manage expenses as state appropriations declined and state capital appropriations were eliminated completely. The District will also move ahead with the development of a Master Facilities Plan to properly plan for existing and future facilities. This was initially included in the District's 2008-11 strategic plan, but it was put on hold due to budget constraints.

The District will upgrade its existing enterprise resource planning (ERP) system. The ERP system integrates internal and external management information across all functions of the college—records and registration, financial aid, business office, and accounting. Current customizations to the ERP system have become an obstacle to installing new releases and upgrades. The District will move more towards the standard system and expects to have minimal need for customization. This approach will improve efficiency in all functions of the District managed through the ERP system. In addition, the District has deployed a new voice over network protocol system to replace its aging and failing telephone system, with an expected reduction in maintenance and recurring costs.

Additional information on the District's capital assets can be found on page 12 in Note 3 to the basic financial statements.

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

Current Factors Having Probable Future Financial Significance

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

Navajo County Community College District
(Northland Pioneer College)
Management's Discussion and Analysis
Year Ended June 30, 2011

Property taxes continue to be levied at the maximum rate allowed by statute; however, there is growing taxpayer opposition to this practice. Further, with the downturn in the economy, collection of assessed property taxes may become more difficult.

While funding from the State was maintained at the same level as the prior year in fiscal year 2011, operating state appropriations to the District have been reduced for fiscal year 2012 by 52 percent. Continued pressure on state appropriations is expected in the future. The State did not fund capital appropriations which was last funded in fiscal year 2008; this source of funding is not expected to return. The District did receive equalization state aid of \$6,624,000 in fiscal year 2011, which was funded at the same level as fiscal year 2010 rather than according to the statutory formula; however, future equalization funding is expected to decrease as property values throughout the State decline. Equalization state funding may also be in jeopardy as the funding formulas for higher education in the State are being reevaluated.

Funding from external sources, including federal and local grants and contracts along with community and business partnerships, will become more important to the District. The District is pursuing additional grant and partnership opportunities while recognizing the increasingly competitive environment and constriction of available resources.

The District will continue to evaluate its tuition and fee structure and shift financial responsibility for education to students in the form of increased tuition and fees. However, the District is limited in the amount of increases it can implement based on the demographics of its service area. The District's service area covers approximately 21,158 square miles and is one of the poorest, most remote, and least populated in both Arizona and the United States. In-state tuition was increased 8 percent, up \$4 from \$52 to \$56 per credit hour in fiscal year 2011, which has been increased in fiscal year 2012 an additional 7 percent. The District continues to offer one of the lowest tuition rates in the State. A continuing demand for additional services and programs, along with increasing dissatisfaction with class availability and service reductions, must be balanced with anticipated reductions in funding.

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, Arizona 86025.

Separately issued financial statements are issued for Northland Pioneer College Foundation, a discretely presented component unit of Navajo County Community College District. Complete financial statements for the Foundation can be obtained from Northland Pioneer College Foundation, PO Box 610, Holbrook, Arizona 86025.

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Navajo County Community College District
(Northland Pioneer College)
Statement of Net Assets—Primary Government
June 30, 2011

	<u>Business-Type Activities</u>
Assets	
Current assets:	
Cash and investments	\$ 32,593,789
Receivables (net of allowances for uncollectibles):	
Accounts	962,213
Property taxes	685,633
Student loans, current portion	887,840
Inventories	62,282
Prepaid items	644,408
Total current assets	<u>35,836,165</u>
Noncurrent assets:	
Restricted assets:	
Cash and investments	717,570
Property taxes receivable (net of allowances for uncollectibles)	14,184
Student loans receivable (net of allowances for uncollectibles)	90,308
Capital assets, not being depreciated	720,520
Capital assets, being depreciated, net	<u>30,866,254</u>
Total noncurrent assets	<u>32,408,836</u>
Total assets	<u>68,245,001</u>
Liabilities	
Current liabilities:	
Accounts payable	260,086
Deferred revenues	859,043
Accrued payroll and employee benefits	273,695
Deposits held in custody for others	37,200
Current portion of compensated absences payable	236,447
Current portion of capital lease payable	41,561
Total current liabilities	<u>1,708,032</u>
Noncurrent liabilities:	
Compensated absences payable	78,815
Capital lease payable	41,562
Total noncurrent liabilities	<u>120,377</u>
Total liabilities	<u>1,828,409</u>

(Continued)

See accompanying notes to financial statements.

Navajo County Community College District
(Northland Pioneer College)
Statement of Net Assets—Primary Government
June 30, 2011
(Concluded)

	<u>Business-Type Activities</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 31,503,651
Restricted:	
Nonexpendable—endowments	12,414
Expendable:	
Capital projects	478,705
Scholarships, grants and contracts	226,451
Unrestricted	<u>34,195,371</u>
 Total net assets	 <u><u>\$ 66,416,592</u></u>

See accompanying notes to financial statements.

Navajo County Community College District
(Northland Pioneer College)
Statement of Financial Position—Component Unit
June 30, 2011

	<u>Northland Pioneer College Foundation</u>
Assets	
Cash and cash equivalents	\$ 19,891
Restricted cash-savings	88,621
Accounts receivable	1,667
Investments:	
Certificates of deposit	50,060
Real estate	12,000
Prepaid expense	4,869
Utility deposit	1,705
Land and building, net of accumulated depreciation	<u>35,000</u>
Total assets	<u><u>\$213,813</u></u>
Liabilities	
Accounts payable	\$ 2,398
Total liabilities	<u>2,398</u>
Net Assets	
Unrestricted	122,794
Temporarily restricted	20,211
Permanently restricted	<u>68,410</u>
Total net assets	<u>211,415</u>
Total liabilities and net assets	<u><u>\$213,813</u></u>

See accompanying notes to financial statements.

Navajo County Community College District
(Northland Pioneer College)
Statement of Revenues, Expenses, and Changes in Net Assets—Primary Government
Year Ended June 30, 2011

	Business-Type Activities
Operating revenues:	
Tuition and fees, net of scholarship allowances of \$1,149,232	\$ 2,319,373
Government contracts	2,060,376
Private grants and contracts	345,534
Bookstore income, net of scholarship allowances of \$45,288	28,892
Other sales and services	96,066
Other	<u>273,233</u>
Total operating revenues	<u>5,123,474</u>
Operating expenses:	
Educational and general:	
Instruction	8,450,971
Public service	13,128
Academic support	996,556
Student services	1,532,942
Institutional support	6,681,808
Operation and maintenance of plant	1,563,034
Scholarships	3,128,320
Auxiliary enterprises	1,217,755
Depreciation	<u>1,320,494</u>
Total operating expenses	<u>24,905,008</u>
Operating loss	<u>(19,781,534)</u>
Nonoperating revenues (expenses):	
Property taxes	11,988,497
State appropriations	10,214,000
Government grants	4,955,825
Share of state sales taxes	386,743
Investment earnings	124,907
Interest expense on debt	(3,428)
Gain on disposal of capital assets	<u>3,563</u>
Net nonoperating revenues	<u>27,670,107</u>
Increase in net assets	7,888,573
Total net assets, July 1, 2010	<u>58,528,019</u>
Total net assets, June 30, 2011	<u>\$ 66,416,592</u>

See accompanying notes to financial statements.

Navajo County Community College District
(Northland Pioneer College)
Statement of Activities—Component Unit
Year Ended June 30, 2011

	Northland Pioneer College Foundation			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Support and revenue:				
Contributions	\$ 6,074	\$ 750	\$ 14,735	\$ 21,559
In-kind donations	12,525			12,525
Special events revenue, net	1,127			1,127
Interest income	123	51	6	180
Other revenue	545			545
Rental income	99,191			99,191
Loss on sale of investment lots	<u>(1,871)</u>			<u>(1,871)</u>
Total support and revenue	<u>117,714</u>	<u>801</u>	<u>14,741</u>	<u>133,256</u>
Net assets released from restrictions:				
Satisfaction of donor restrictions	<u>2,271</u>	<u>(2,271)</u>		
Total support, revenue, and net assets released from restrictions	119,985	(1,470)	14,741	133,256
Expenses:				
Program services	80,235			80,235
Support services	<u>55,963</u>			<u>55,963</u>
Total expenses	<u>136,198</u>			<u>136,198</u>
Increase (decrease) in net assets	(16,213)	(1,470)	14,741	(2,942)
Net assets, beginning of year	<u>139,007</u>	<u>21,681</u>	<u>53,669</u>	<u>214,357</u>
Net assets, end of year	<u>\$ 122,794</u>	<u>\$ 20,211</u>	<u>\$ 68,410</u>	<u>\$ 211,415</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, 2011

	Business-Type Activities
Cash flows from operating activities:	
Tuition and fees	\$ 2,549,963
Government contracts	2,405,910
Bookstore receipts	28,892
Other receipts	369,299
Payments to suppliers and providers of goods and services	(5,286,726)
Payments to employees	(14,322,822)
Payments to students for scholarships and loans	<u>(3,128,320)</u>
Net cash used for operating activities	<u>(17,383,804)</u>
Cash flows from noncapital financing activities:	
Property taxes	11,893,222
State appropriations	10,214,000
Grants	4,955,825
Share of state sales taxes	386,743
Deposits held in custody for others received	3,619
Deposits held in custody for others disbursed	<u>(4,015)</u>
Net cash provided by noncapital financing activities	<u>27,449,394</u>
Cash flows from capital and related financing activities:	
Property taxes	3,484
Proceeds from sale of capital assets	3,563
Acquisition and construction of capital assets	(467,706)
Principal paid on capital debt	(41,561)
Interest paid on capital debt	<u>(3,428)</u>
Net cash used by capital and related financing activities	<u>(505,648)</u>
Cash flows from investing activities:	
Interest received on investments	<u>124,907</u>
Net cash provided by investing activities	<u>124,907</u>
Net increase in cash and cash equivalents	9,684,849
Cash and cash equivalents, July 1, 2010	<u>23,626,510</u>
Cash and cash equivalents, June 30, 2011	<u><u>\$ 33,311,359</u></u>

(Continued)

See accompanying notes to financial statements.

Navajo County Community College District
(Northland Pioneer College)
Statement of Cash Flows—Primary Government
Year Ended June 30, 2011
(Concluded)

	<u>Business-Type Activities</u>
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (19,781,534)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	1,320,494
Changes in assets and liabilities:	
Increase in:	
Accounts receivable	(151,165)
Student loans receivable	(477,288)
Deferred revenues	859,043
Compensated absences payable	4,102
Decrease in:	
Inventories	843,178
Prepaid items	417,244
Accounts payable	(381,646)
Accrued payroll and employee benefits	(36,232)
Net cash used for operating activities	<u>\$ (17,383,804)</u>
Reconciliation of cash and cash equivalents, as presented on the Statement of Net Assets:	
Cash and investments	\$ 32,593,789
Restricted assets:	
Cash and investments	<u>717,570</u>
Total cash and cash equivalents, June 30, 2011	<u>\$ 33,311,359</u>

See accompanying notes to financial statements.

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2011

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Navajo County Community College District conform to generally accepted accounting principles applicable to public institutions engaged only in business-type activities adopted by the Governmental Accounting Standards Board (GASB).

A. Reporting Entity

The District is a special-purpose government that is governed by a separately elected governing body. It is legally separate and fiscally independent of other state and local governments. The accompanying financial statements present the activities of the District (the primary government) and its discretely presented component unit, the Northland Pioneer College Foundation (Foundation).

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

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

During the year ended June 30, 2011, the Foundation distributed \$9,622 to the District for both restricted and unrestricted purposes. The Foundation's complete financial statements can be obtained from the Northland Pioneer College Foundation, PO Box 610, Holbrook, AZ 86025-0610.

B. Basis of Presentation and Accounting

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

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2011

A statement of net assets provides information about the assets, liabilities, and net assets of the District at the end of the year. Assets and liabilities are classified as either current or noncurrent. Net assets are classified according to external donor restrictions or availability of assets to satisfy District obligations. Invested in capital assets, net of related debt represents the value of capital assets, net of accumulated depreciation, less any outstanding debt incurred to acquire or construct the assets. Nonexpendable restricted net assets are gifts that have been received for endowment purposes, the corpus of which cannot be expended. Expendable restricted net assets represent grants, contracts, gifts, and other resources that have been externally restricted for specific purposes. Unrestricted net assets include all other net assets, 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 assets 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 assets 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, are considered to be operating revenues. Other revenues, such as property taxes, state appropriations and certain government grants, are not generated from exchange transactions and are considered to be nonoperating revenues. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense on debt, are considered to be nonoperating expenses.

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

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized 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 imposed by the provider 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 assets are available.

The District follows FASB Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The District has chosen the option not to follow FASB Statements and Interpretations issued after November 30, 1989.

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2011

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.

D. Inventories

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

E. Capital Assets

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

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

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

F. Investment Earnings

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

G. Compensated Absences

Compensated absences payable consists of vacation leave and a calculated amount of sick leave earned by employees based on services already rendered.

Employees may accumulate up to 224 hours of vacation depending on years of service, but any vacation hours in excess of the maximum amount that are unused at the end of August are forfeited. Upon termination of employment, all unused and unforfeited vacation benefits are paid 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, 2011

Generally, sick leave benefits provide for ordinary sick pay and are cumulative but do not vest with employees. Therefore, a liability for sick leave benefits is not accrued in the financial statements.

H. Scholarship Allowances

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

Note 2 - Deposits and Investments

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

Deposits—At June 30, 2011, the carrying amount of the District's deposits was \$3,003,417, and the bank balance was \$3,390,454. The District currently does not have a policy for custodial credit risk.

Investments—The District's investments at June 30, 2011, were as follows:

Investment Type	Amount
State Treasurer's investment pool 5	\$13,471,787
County Treasurer's investment pool	<u>16,831,105</u>
Total	<u>\$30,302,892</u>

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

Credit risk—The District does not have a formal policy with respect to credit risk. At June 30, 2011, credit risk for the District's investments were as follows:

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2011

Investment Type	Rating	Rating Agency	Amount
State Treasurer's investment pool 5	AAAf/S1+	Standard and Poor's	\$13,471,787
County Treasurer's investment pool	Unrated	Not applicable	<u>16,831,105</u>
Total			<u>\$30,302,892</u>

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

Interest Rate Risk—The District does not have a formal policy for interest rate risk. At June 30, 2011, the District had the following investments in debt securities:

Investment Type	Amount	Weighted Average Maturity
State Treasurer's investment pool 5	\$13,471,787	0.8 months
County Treasurer's investment pool	<u>16,831,105</u>	31.4 months
Total	<u>\$30,302,892</u>	

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

Cash, deposits, and investments:		Statement of Net Assets:	
Cash on hand	\$ 5,050	Cash and investments	\$32,593,789
Amount of deposits	3,003,417	Restricted assets:	
Amount of investments	<u>30,302,892</u>	Cash and investments	<u>717,570</u>
Total	<u>\$33,311,359</u>	Total	<u>\$33,311,359</u>

Note 3 - Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2011

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Capital assets not being depreciated:				
Land	\$ 709,291			\$ 709,291
Construction in progress	<u> </u>	\$ 11,229		<u>11,229</u>
Total capital assets not being depreciated	<u>709,291</u>	<u>11,229</u>		<u>720,520</u>
Capital assets being depreciated:				
Buildings	32,249,075			32,249,075
Equipment	5,143,946	528,678		5,672,624
Improvements other than buildings	7,149,853			7,149,853
Library books	<u>608,424</u>	<u>52,483</u>	<u>\$53,374</u>	<u>607,533</u>
Total capital assets being depreciated	<u>45,151,298</u>	<u>581,161</u>	<u>53,374</u>	<u>45,679,085</u>
Less accumulated depreciation for:				
Buildings	\$ 7,570,425	\$ 780,130		\$ 8,350,555
Equipment	3,726,188	304,561		4,030,749
Improvements other than buildings	1,895,431	185,393		2,080,824
Library books	<u>353,667</u>	<u>50,410</u>	<u>\$53,374</u>	<u>350,703</u>
Total accumulated depreciation	<u>13,545,711</u>	<u>1,320,494</u>	<u>53,374</u>	<u>14,812,831</u>
Total capital assets being depreciated, net	<u>31,605,587</u>	<u>(739,333)</u>		<u>30,866,254</u>
Capital assets, net	<u>\$32,314,878</u>	<u>\$ (728,104)</u>	<u>\$</u>	<u>\$31,586,774</u>

Note 4 - Long-Term Liabilities

The following schedule details the District's long-term liability and obligation activity for the year ended June 30, 2011:

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Due within 1 year
Compensated absences payable	\$311,160	\$297,214	\$293,112	\$315,262	\$236,447
Capital leases payable	<u> </u>	<u>124,684</u>	<u>41,561</u>	<u>83,123</u>	<u>41,561</u>
Total long-term debt	<u>\$311,160</u>	<u>\$421,898</u>	<u>\$334,673</u>	<u>\$398,385</u>	<u>\$278,008</u>

Capital leases—The District has acquired information systems equipment under the provisions of a long-term lease agreement classified as a capital lease for accounting purposes because it provides for a bargain purchase option.

The carrying value of the assets acquired through capital leases was \$124,684.

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2011

The following schedule details debt service requirements to maturity for the District's capital leases payable at June 30, 2011:

Year ending June 30	
2012	\$44,989
2013	<u>44,989</u>
Total minimum lease payments	89,978
Less amount representing interest	<u>6,855</u>
Present value of net minimum lease payments	<u>\$83,123</u>

Note 5 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; natural disasters; errors and omissions; and injuries to employees. The District participates with other Arizona community college districts and school districts in the Arizona School Risk Retention Trust, Inc., a public entity risk pool. The trust insures the District against liabilities arising from general liability, professional liability, property, automobile, boiler and machinery, and commercial crime risks. 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 1 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 exceeded commercial insurance coverage in 2 of the past 3 fiscal years; the District reached its lifetime, no-fault limit on mold coverage for one campus in 2010. As a result, for the years ended June 30, 2011 and June 30, 2010, the District paid additional expenses of \$12,805 and \$10,175, respectively. The no-fault mold coverage is limited to \$25,000 per campus and covers direct physical loss or damage caused by fungus, wet or dry rot, or bacteria, including the cost of removal and the cost for clearance testing. The limitation is for mold damage not linked to a specific occurrence. Property damage insurance continues to be available for occurrences reported within 30 days of the event.

The District participates with several local school districts in the Navajo County Schools Employee Benefit Trust. The District uses this 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

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2011

the annual contribution. Should the District withdraw from the Trust, it would then be responsible for its proportional share of claims and would forfeit all rights to the return of any surplus, unearned contributions, or other legally permitted distributions from the Trust. Whether the District withdraws or the Trust becomes insolvent, the District remains liable for assessments for liabilities of the Trust incurred during the District's period of membership in the Trust. The Trust has not assessed the District any additional assessments above its annual contribution in any of the past 3 fiscal years.

Note 6 - 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 \$387,146 for the year ended June 30, 2011. The operating leases have remaining noncancelable terms of 1 to 4 years and provide renewal options.

Of the current rental expenses, \$92,275 was paid to the Northland Pioneer College Foundation (Foundation). The nature of the relationship between the District and the Foundation is described in Note 9. The District entered into an operating lease with the Foundation for a building and parking lot. The lease term is February 14, 2006 to February 13, 2015. There is a step-down rental provision of 20 percent effective March 1, 2011, which continues each March 1 thereafter.

The future minimum payments required under the operating leases at June 30, 2011, were as follows:

Year ending June 30	
2012	\$220,509
2013	85,013
2014	43,870
2015	<u>13,184</u>
Total minimum lease payments	<u>\$362,576</u>

Note 7 - Pension and Other Postemployment Benefits

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

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2011

The System issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the Arizona State Retirement System, 3300 North Central Avenue, PO Box 33910, Phoenix, AZ 85067-3910 or by calling (602) 240-2000 or 1-800-621-3778.

Funding policy—The Arizona State Legislature establishes and may amend active plan members' and the District's contribution rates. For the year ended June 30, 2011, active plan members were required by statute to contribute at the actuarially determined rate of 9.85 percent (9.60 percent for retirement and 0.25 percent for long-term disability) of the members' annual covered payroll and the District was required by statute to contribute at the actuarially determined rate of 9.85 percent (9.01 percent for retirement, 0.59 percent for health insurance premium, and 0.25 percent for long-term disability) of the members' annual covered payroll.

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

Year ended June 30,	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
2011	\$838,641	\$ 54,916	\$23,254
2010	859,122	67,989	41,171
2009	929,372	111,664	58,158

Note 8 - Operating Expenses

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

Personal services	\$14,290,694
Contract services	1,621,476
Communications and utilities	1,232,953
Depreciation	1,320,494
Supplies and other services	3,289,474
Scholarships	3,128,320
Other	21,597
Total	<u>\$24,905,008</u>

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2011

Note 9 - Discretely Presented Component Unit Disclosures

A. Summary of Significant Accounting Policies

The significant accounting policies of Northland Pioneer College Foundation (the Foundation) are described below to enhance the usefulness of the financial statements to the reader.

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

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Basis of Accounting—The financial statements 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—The Foundation is 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. In addition, the Foundation is required to present a statement of cash flows.

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

Contributions—The Foundation records contributions received as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2011

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

Discounted or Donated Goods and Services—The Foundation receives certain discounted or donated goods and services that directly benefit NPC and the Foundation. Amounts for these discounts and donations have been included in the accompanying financial statements to the extent that a measureable basis exists for their fair values and the corresponding benefit to the Foundation. These discounted or donated goods and services that are received by the Foundation for no value in return are recorded as program and support service expenses and as in-kind donations and are reflected in the financial statements at their fair values. If donated goods merely pass through the Foundation to charitable beneficiaries, and if the Foundation is only an agent for the donors, no contribution is recorded.

Investments—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.

B. Cash

The total cash held by the Foundation at June 30, 2011, is as follows:

Checking	\$ 2,213
Money market	17,372
Savings	<u>88,927</u>
	<u>\$108,512</u>

C. Investments

Investments consist of certificates of deposits held in financial institutions by the Foundation and real estate comprising several lots of land. As of June 30, 2011, the certificates of deposit totaled \$50,060. Real estate totaled \$12,000 as of June 30, 2011. These investments are stated at market value and adjustments have been made to accrue earned interest income on the certificates of deposit. The certificates of deposits earned interest at rates varying from 0.20 percent to 0.40 percent for the year ended June 30, 2011.

Navajo County Community College District
(Northland Pioneer College)
Notes to Financial Statements
June 30, 2011

D. Endowment Funds

The Foundation's endowment consists of two funds established for the Charles E. Lisitsky Scholarship and the Maria A. Smith Memorial Art Scholarship. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation 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 the Foundation, and (7) the Foundation's investment policies.

As of June 30, 2011, the endowment funds consisted of temporarily restricted net assets of \$10,745 and permanently restricted net assets of \$68,410, for a total of \$79,155.

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Supplementary Information

Navajo County Community College District
(Northland Pioneer College)
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Labor			
Workforce Investment Act (WIA) Cluster:			
WIA Adult Program, passed through the White Mountain Apache Tribe	17.258	AB171810855A4	\$ <u>80,235</u>
U.S. Small Business Administration			
Small Business Development Centers, passed through Maricopa County Community College District	59.037	1-603001-Z-0104	<u>137,606</u>
U.S. Department of Education			
Adult Education—Basic Grants to States, passed through the Arizona Department of Education	84.002	V002A000003	251,686
Student Financial Assistance Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007		75,500
Federal Work-Study Program	84.033		54,075
Federal Pell Grant Program	84.063		3,565,565
Academic Competitiveness Grants	84.375		<u>15,642</u>
Total Student Financial Assistance Cluster			<u>3,710,782</u>
Higher Education—Institutional Aid	84.031		61,443
Career and Technical Education—Basic Grants to States, passed through the Arizona Department of Education	84.048	V048A090003, V048A000003	314,973
Leveraging Educational Assistance Partnership, passed through the Arizona Commission for Postsecondary Education	84.069	None	52,111
Tech-Prep Education, passed through the Arizona Department of Education	84.243	V243A000003	<u>82,437</u>
Total U.S. Department of Education			<u>4,473,432</u>
U.S. Department of Health and Human Services			
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925		<u>30,000</u>
Total Expenditures of Federal Awards			<u>\$ 4,721,273</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, 2011

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Navajo County Community College District and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2 - Catalog of Federal Domestic Assistance (CFDA) Numbers

The program titles and CFDA numbers were obtained from the 2011 *Catalog of Federal Domestic Assistance* or from the federal or pass-through grantor.

Note 3 - Subrecipients

The District did not provide federal awards to subrecipients during the year ended June 30, 2011.

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DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report 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 discretely presented component unit of Navajo County Community College District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 22, 2011. Our report was modified to include a reference to our reliance on other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Northland Pioneer College Foundation, the discretely presented component unit, as described in our report on the District's financial statements. The financial statements of the Northland Pioneer College Foundation were not audited by the other auditors in accordance with *Government Auditing Standards*. The Northland Pioneer College Foundation did not provide the reported results of the other auditors' testing of internal control over its financial reporting. Consequently, this report does not include our consideration of the other auditors' testing of internal control over financial reporting that is reported on separately by those other auditors.

Internal Control over Financial Reporting

The District's management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and another deficiency that we consider to be a significant deficiency.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 11-01 and 11-02 to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 11-03 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying Schedule of Findings and Questioned Costs as item 11-04.

Navajo County Community College District's responses to the findings identified in our audit are presented on pages 37 through 40. We did not audit the District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Governing Board, management, others within the District, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Debbie Davenport
Auditor General

December 22, 2011



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 with Requirements
That Could Have a Direct and Material Effect on Each Major Program and on
Internal Control over Compliance in Accordance with OMB Circular A-133**

Members of the Arizona State Legislature

The Governing Board of
Navajo County Community College District

Compliance

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) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination of the District's compliance with those requirements.

As described in items 11-101 and 11-102 in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with the requirements regarding equipment and real property management, and procurement and suspension and debarment that are applicable to its Career and Technical Education—Basic Grants to States program. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Navajo County Community College District complied, in all material respects, with the 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, 2011.

Internal Control over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 11-101 and 11-102 to be material weaknesses.

Navajo County Community College District's responses to the findings identified in our audit is presented on pages 37 through 40. We did not audit the District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Governing Board, management, others within the District, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Debbie Davenport
Auditor General

December 22, 2011

Navajo County Community College District
 (Northland Pioneer College)
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2011

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:		Unqualified	
	Yes	No	
Internal control over financial reporting:			
Material weaknesses identified?	<u>X</u>	___	
Significant deficiencies identified?	<u>X</u>	___	
Noncompliance material to the financial statements noted?	___	<u>X</u>	

Federal Awards

Internal control over major programs:			
Material weaknesses identified?	<u>X</u>	___	
Significant deficiencies identified?	___	<u>X</u>	(None reported)

Type of auditors' report issued on compliance for major programs: Unqualified for all major programs except for the Career and Technical Education—Basic Grants to States program, which was qualified.

Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510[a])?	<u>X</u>	___	
--	----------	-----	--

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	Student Financial Assistance Cluster:
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.375	Academic Competitiveness Grants
84.048	Career and Technical Education—Basic Grants to States

Navajo County Community College District
 (Northland Pioneer College)
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2011

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Yes **No**

Auditee qualified as low-risk auditee? X

Other Matters

Auditee's Summary Schedule of Prior Audit Findings required to be reported in accordance with Circular A-133 (section .315[b])? X

Navajo County Community College District
(Northland Pioneer College)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

Financial Statement Findings

11-01

The District should strengthen access and change management controls over its information systems

Criteria: The District should have effective system access controls to help prevent and detect unauthorized use, damage, loss, or modification of programs and data, including sensitive and confidential information. In addition, the District should have policies and procedures in place to ensure that the integrity of its systems' information is protected against unauthorized system and program changes.

Condition and context: The District did not adequately limit logical access to its information systems during the year. Specifically, the District did not ensure that system users were granted appropriate access rights for their job responsibilities or that user rights were removed when employees terminated employment or transferred to another department. In addition, the District did not adequately restrict unlimited system access to only those individuals who needed the access and did not monitor the activities of users with this access. Auditors identified 21 users with unlimited system access and found that this high level of access was unnecessary or inappropriate for 11 of these users. Also, the District maintained user accounts with unlimited access that were not assigned to a specific individual. Finally, the District did not have policies and procedures in place to ensure that all system changes were properly documented, authorized, tested, and reviewed and approved prior to implementation.

Effect: There is an increased risk of theft, manipulation, or misuse of financial, sensitive, or confidential information by unauthorized users or by users who were not properly being monitored. In addition, inadequate change management controls could lead to unauthorized changes to systems and programs and to the manipulation of data they contain. This finding is a material weakness in internal control over financial reporting.

Cause: The District has used the same information systems for many years, and had not documented policies and procedures for granting access and making changes to the systems.

Recommendation: The District should establish policies and procedures to strengthen access and change management controls and help prevent or detect unauthorized use, damage, loss, or modification of systems, programs, and information. These procedures should include the following:

- Restrict unlimited system access to only those individuals who need that level of access.
- Monitor the activities of employees with unlimited system access.
- Develop a standardized form to document granting or revoking system access and the associated approvals and retain completed authorization forms.
- Perform a comprehensive review of all existing system users to ensure that access is granted to current employees for access rights that are compatible with their job responsibilities.

Navajo County Community College District
(Northland Pioneer College)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

- Remove access rights of employees who have terminated employment or transferred to another department immediately.
- Require that changes to systems and programs be documented, authorized, tested, reviewed, and approved prior to being put into use.
- Separate the responsibilities for developing and implementing changes from the responsibilities of authorizing, testing, and approving changes. Changes initiated by users should also be approved by users.
- Maintain documentation for testing changes and the results.

11-02

The District should develop and test a disaster recovery plan for its information systems

Criteria: It is critical that the District have an up-to-date contingency plan in place to provide for the continuity of operations and to ensure that data can be recovered in the event of a system or equipment failure or other system interruption.

Condition and context: The District did not have a comprehensive disaster recovery plan for its information systems used to process and store financial and student information that is vital to its daily operations.

Effect: The District risks the ability to recover financial and student information and conduct daily operations in the event of a system or equipment failure or other system interruption. This finding is a material weakness in internal control over financial reporting.

Cause: The District did not dedicate resources to establish and maintain a comprehensive disaster recovery plan.

Recommendation: To help ensure the continuity of the District's operations in the event of a system or equipment failure or other system interruption, the District should develop and implement a disaster recovery plan that includes the following policies and procedures:

- Perform a risk analysis identifying and prioritizing the critical applications to determine which applications should be recovered first.
- Communicate and distribute a copy of the disaster recovery plan to all affected employees.
- Maintain a copy of the disaster recovery plan off-site.
- Make arrangements for a designated physical recovery facility.
- Make arrangements with vendors to support hardware and software requirements.
- List procedures for processing critical applications.
- Test and document the plan annually and update the plan for any problems noted.

Navajo County Community College District
(Northland Pioneer College)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

11-03

The District needs to improve its policies and procedures for capital assets

Criteria: The District should have policies and procedures for capital assets that are sufficiently detailed to properly control, safeguard, and record capital assets.

Condition and context: The District's policies and procedures were not sufficiently detailed to ensure that capital assets were properly controlled, safeguarded, and recorded. Specifically, the District's capital assets list did not include all of the necessary information for each equipment and machinery item, such as the correct description, a unique identification number, and the physical location; however, auditors were able to locate all items tested. In addition, the policies did not contain the specific capitalization threshold, estimated useful life, and depreciation method for each type of capital asset. Further, the District had not performed a physical inventory in the last 2 years as required for capital assets acquired with federal monies.

Effect: The District reported equipment and machinery valued at approximately \$1.6 million; however, the District's capital assets list did not adequately identify equipment and machinery items and included obsolete items. This could increase the risk of loss, theft, or misuse of the District's capital assets. Further, the District's policies requiring a physical inventory at least once every 3 years were not adequate to ensure compliance with federal program requirements which require an inventory to be taken at least once every 2 years. This finding is a significant deficiency in internal control over financial reporting.

Cause: The District's existing policies and procedures were not detailed enough for employees to properly control, safeguard, and record capital assets, as well as comply with federal requirements. In addition, the District did not assign the responsibility for controlling capital assets to an employee.

Recommendation: To help ensure that capital assets are controlled safeguarded, and recorded, and that it complies with federal requirements, the District should:

- Evaluate its existing policies and procedures to ensure that they are sufficiently detailed to address recordkeeping for capital assets, including when to capitalize items, what information to record on the capital assets list, how to depreciate items, and how to dispose of capital assets, including obsolete items.
- Assign an employee to be responsible for controlling capital assets.
- Identify each equipment and machinery item with a unique number, such as a tag or serial number, and physical location.
- Require a physical inventory of capital assets purchased with federal monies at least once every 2 years.

Navajo County Community College District
(Northland Pioneer College)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

11-04

The District needs to remedy noncompliance with state laws

Criteria: The Arizona State Legislature appropriated monies to the District according to Laws 2007, Ch. 255, §18 and Laws 2008, Ch. 285, §4 to construct a public safety and emergency services training facility that was to be operated and controlled by the District.

Condition and context: During fiscal years 2008 and 2009, the District received \$1 million and \$500,000, respectively, for the specific purpose of constructing a public safety and emergency services training facility to be operated and controlled by the District. However, the District did not comply with these requirements; instead, it contributed the monies to a not-for-profit corporation which owns, controls, and operates the facility. Based on the agreements between the District and the corporation, the District has no control of the facility or its use, operations, and maintenance. Of the total \$1.5 million appropriated by the State to the District, approximately \$478,000 remained unspent as of June 30, 2011, and was appropriately restricted for maintenance of the facility.

Effect: The District did not comply with laws requiring the District to operate and control facilities constructed with state appropriations. This finding is an instance of noncompliance.

Cause: According to the District, it was the District's intention to make arrangements with other local governments and local public safety associations that serve local governments to share in the public purpose and benefits of the facility. However, the agreements that ultimately resulted were not structured in such a way to provide the District with the ability to operate and control the facility as required by the appropriations.

Recommendation: The District should review the existing arrangement and agreements with the corporation and consult with its legal counsel in an effort to remedy the legal noncompliance. In addition, the District needs to consider the effect of any changes to the arrangement or agreements with the corporation that may affect the District's financial reporting.

Navajo County Community College District
(Northland Pioneer College)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

Federal Award Findings and Questioned Costs

11-101

CFDA No.: 84.048 **Career and Technical Education—Basic Grants to States**

U.S. Department of Education

Passed through the Arizona Department of Education

Award Periods: July 1, 2009 through September 30, 2010
July 1, 2010 through September 30, 2011

Award Numbers: V048A090003 and V048A000003

Equipment and real property management

Questioned Cost: Unknown

Criteria: In accordance with 2 Code of Federal Regulations (CFR) §215.34, the District should maintain a capital assets list that includes information, such as the description, identification number, and physical location, of each item meeting the capitalization threshold. In addition, a physical inventory of capital assets acquired with federal monies should be taken and the results reconciled to equipment records at least once every 2 years.

Condition and context: As described in item 11-03, the District's capital assets list did not contain a unique identification number and the location for each capital asset acquired with federal monies. In addition, the District had not performed a physical inventory of these capital assets within the last 2 years.

Effect: The District did not comply with the program's requirements for equipment and real property management. Also, capital assets acquired with federal monies may be exposed to potential loss, theft, or misuse. Auditors were able to determine that the District's capital assets list agreed with the detailed records maintained at the department for the capital assets identified as being acquired with the program's monies, and that the list and records were reasonably complete. It was not practical to extend our auditing procedures sufficiently to determine questioned costs, if any, that may have resulted from this finding. This finding is a material weakness in internal control over compliance and material noncompliance with the program's equipment and real property management requirements. This finding could affect other federal programs for which the equipment and real property management requirements are applicable.

Cause: The District's policies required that a district-wide physical inventory be performed at least once every 3 years; accordingly, the District last completed a physical inventory during fiscal year 2009. However, the policies did not require performing an inventory of capital assets acquired with federal monies more frequently.

Recommendation: The District should establish policies and procedures for performing a physical inventory of capital assets acquired with federal monies at least once every 2 years, reconciling the inventory to its records and capital assets list, and updating its capital assets list to ensure that it contains all of the required information for each item meeting the capitalization threshold.

Navajo County Community College District
(Northland Pioneer College)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

11-102

CFDA No.: 84.048 **Career and Technical Education—Basic Grants to States**

U.S. Department of Education

Passed through the Arizona Department of Education

Award Periods: July 1, 2009 through September 30, 2010

July 1, 2010 through September 30, 2011

Award Numbers: V048A090003 and V048A000003

Procurement and suspension and debarment

Questioned Cost: None

Criteria: The District should have internal controls to ensure that contracts and subawards of federal monies over \$25,000 are not made to an entity that is suspended or debarred from doing business with the federal government in accordance with 34 CFR §74.13.

Condition and context: The District paid 2 contractors over \$25,000 each, or a total of \$148,000, for goods and services during the year using program monies; however, the District did not verify that the contractors were not suspended or debarred prior to awarding the contracts.

Effect: The District did not comply with the program's requirements for procurement and suspension and debarment. Further, without adequate policies and procedures, the District risks awarding federal monies to entities that may be suspended or debarred. Auditors extended auditing procedures and determined that the contractors were not suspended or debarred; therefore, there were no questioned costs noted from this finding. This finding is a material weakness in internal control over compliance and material noncompliance with the program's procurement and suspension and debarment requirements.

Cause: The District lacked policies and procedures for verifying that contractors are not suspended or debarred.

Recommendation: The District should establish policies and procedures to verify that contracts and subawards of \$25,000 or more in federal monies are made to parties that have not been suspended or debarred from doing business with the federal government and retain documentation of this determination. This verification may be accomplished by checking the Excluded Parties List System, obtaining vendor certifications, or adding clauses or conditions to the contracts.



December 20, 2011

Ms. Debbie Davenport, Auditor General
State of Arizona, Office of the Auditor General
2910 North 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport:

The accompanying Corrective Action Plan has been prepared as required by the standards applicable to the financial audits contained in *Government Auditing Standards* and U.S. Office of Management and Budget Circular A-133. Specifically, we are providing you with the names of the contact persons responsible for corrective action, the corrective action planned, and the anticipated completion date for each audit finding included in the current year's Schedule of Findings and Questioned Costs.

Sincerely,

Blaine Hatch
Vice President for Administrative Services

Navajo County Community College District
(Northland Pioneer College)
Corrective Action Plan
Year Ended June 30, 2011

Financial Statement Findings

11-01

The District should strengthen access and change management controls over its information systems

Eric Bishop, Director of Information Services
Anticipated completion date: June 30, 2012

Corrective Action Plan:

The District is aware of the issues related to its information systems and concurs with the finding and recommendations. The District will develop policies, procedures and mechanisms to strengthen access and change management controls related to its computer systems. Specifically, the District will:

- Work with our information systems vendor and seek consultation to help find the proper balance of access levels related to job responsibilities and overall system security.
- Work with Division and Department heads to revamp the process of providing access to our systems and how rights will be assigned to specific areas of these systems.
- Solidify our process for removing users from the system upon termination of employment and also verifying access levels of staff members who change roles within the institution.
- Minimize users who have full access to the system and develop a means to monitor the activities of users who have full access permissions.
- Require that an internal user group associated with the use of our ERP system approve any changes made to the system.
- Maintain accurate documentation of all changes to the ERP and other systems.
- Ensure we have up to date policies and procedures related to computing system access.
- Routinely audit user access permissions.
- Work internally and possibly with vendors to conduct a risk analysis of our computing systems.

The District will begin immediately to implement the recommendations.

11-02

The District should develop and test a disaster recovery plan for its information systems

Eric Bishop, Director of Information Services
Anticipated completion date: June 30, 2012

Corrective Action Plan:

The District is aware of the issue related to disaster recovery and concurs with the finding and recommendation. The District will develop policies, procedures and mechanisms to maintain a comprehensive disaster recovery plan. Some work has already been done but has not been formalized or finalized. Specifically, the District will:

Navajo County Community College District
(Northland Pioneer College)
Corrective Action Plan
Year Ended June 30, 2011

- Work with vendors to establish a disaster recovery plan and distribute this plan to multiple users both inside and outside of the IS Division.
- Develop a schedule for testing the new disaster recovery plan.
- Continue to backup system data to take and store in an off-site location.
- Continue our efforts to create a fully functional, redundant data center to provide high availability to our systems and associated data.

The District will begin immediately to implement the recommendations.

11-03

The District needs to improve its policies and procedures for capital assets

Maderia Ellison, Director of Financial Services

Anticipated completion date: June 30, 2012

Corrective Action Plan:

The District is aware of the issues related to capital assets and concurs with the finding and recommendations. However, the District will need to evaluate the feasibility of moving to a two-year physical inventory cycle for all assets other than those funded by federal monies which require a two year physical inventory cycle. The District's current policies and procedures will be revised to enhance its record keeping requirements and ensure capital assets are properly controlled and safeguarded. It will include specific capitalization thresholds and estimated useful lives for each type of capital asset, and the depreciation method used. The District will also evaluate its current staffing levels to ensure capital assets are properly controlled. The District plans to implement the agreed to recommendations in the coming year.

11-04

The District needs to remedy noncompliance with state laws

Blaine Hatch, Vice President for Administrative Services

Anticipated completion date: June 30, 2012

Corrective Action Plan:

The District is aware of the issue related to noncompliance with state laws and concurs with the finding and recommendations. The District will consult with legal counsel and other parties associated with the not-for-profit corporation on the best course of action to ensure the District is compliant with state laws. The District will begin immediately to implement the recommendations.

Navajo County Community College District
(Northland Pioneer College)
Corrective Action Plan
Year Ended June 30, 2011

Federal Award Findings and Questioned Costs

11-101

CFDA No.: 84.048 **Career and Technical Education—Basic Grants to States**

John Bremer, Controller and Ann Hilliard, Carl Perkins Grant Coordinator

Completion Date: June 30, 2012

Corrective Action Plan:

The District has been made aware of the requirements related to capital assets funded by federal monies and concurs with the finding and the recommendation. The District's current policies and procedures will be revised to enhance its record keeping requirements and ensure capital assets are properly controlled and safeguarded. The District will immediately change its policies and procedures for capital assets funded by federal monies to ensure compliance with federal program requirements. Specifically it will perform physical inventory procedures every two years instead of three, will reconcile its inventory records to the physical counts and ensure all the required recording keeping information is properly updated.

11-102

CFDA No.: 84.048 **Career and Technical Education—Basic Grants to States**

John Bremer, Controller and Ann Hilliard, Carl Perkins Grant Coordinator

Completion Date: January 30, 2012

Correction Action Plan:

The District has been made aware of the new procedural requirement related to awarding contracts of federal monies and concurs with the finding and recommendation. The District will immediately revise its purchasing procedures to require all contracts and subawards of \$25,000 or more in federal monies are made to parties that have not been suspended or debarred and will retain documentation of this determination.

Request Approval of a Quit Claim Deed

Recommendation: Staff recommends approval of the quit claim deed to Bar T Bar Ranch, Inc. to correct an improperly recorded deed by the District.

Summary: Staff was recently made aware of an error in recording a donation of property to the District. On 23 December 1999, the District approved a donation by quit claim deed from the Horman Family Trust. The deed described the portion of property in question as “all of section 15, T20N, R20E” but should have read “all of section 15, T20N, R20E less the SE quarter of the SE quarter”.

The attached quit claim deed resolves the improperly filed deed and clears the record as to the correct ownership of the forty acres in question. Navajo County records correctly show a different ownership of the parcel, #104-06-38.

The District owns an additional acreage in the same area totaling 1,035 acres.



RECORDING REQUESTED BY:

Empire West Title

AND WHEN RECORDED MAIL TO:

SPACE ABOVE THIS LINE FOR RECORDER'S
USE

QUIT CLAIM DEED

For consideration of Ten Dollars, and other valuable considerations, I or we,

The Governing Board of the Navajo County Community College District

hereby quit-claim to **Bar T Bar Ranch, Inc., an Arizona Corporation**

all right, title or interest in the following real property situated in **Navajo**, County, **Arizona**:

The Southeast Quarter of the Southeast Quarter of Section 15, Township 20 North, Range 20 East of the Gila and Salt River Base and Meridian, Navajo County, Arizona; Except all Minerals, Oils, Coal and Gas as Reserved in Instrument Recorded in Docket 38, Page 76. No. 5418480, Page 10, Except all Minerals, Oils, Coal and Gas as Reserved in Instrument Recorded in Docket 154, Page 568 through 583, Inclusive.

THIS DEED IS BEING RECORDED FOR THE SOLE PURPOSE OF ELIMINATING ANY INTEREST WHICH MAY HAVE BEEN ASSERTED BY THAT DEED RECORDED IN INSTRUMENT NO 2002-20303, RECORDS OF NAVAJO COUNTY, ARIZONA BETWEEN THE STATE BOARD OF DIRECTORS FOR COMMUNITY COLLEGES FOR ARIZONA AND THE GOVERNING BOARD OF THE NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT. Said property was owned by Basilio Aja and Irene F. Aja, husband and wife at the time said deed was recorded.

Dated: November 30, 2011

Navajo County Community College District

By: _____

As its: _____

State of _____ }
County of _____ } SS:

On _____, 20_____, before me personally appeared

_____, whose identity was proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to this document and who acknowledged that he/she signed the above/attached document in his or her authorized capacity (ies)

(Seal)

Notary Public

Institutional Effectiveness Report

New Director Committee Memberships:

- SPASC (Strategic Planning)
- Portfolio (Evidence for Accreditation)
- JUG (Jenzabar Users Group – data completeness and security)
- Placement Score Committee (Consultant – placement testing benchmarks for incoming students)
- Various Assessment Committees
- Also attending Deans Meeting, Executive Committee, and Instructional Council

Projects:

- Survey Tool Selection Committee (currently in formation, gathering evaluation criteria)
- Community and interest group surveys (content development)
- Data integrity initiatives post-Jenzabar consulting
- National Student Clearinghouse and ASSIST relations (larger data sources for comparisons)
- Support alumni relations and career services with data collection

Unit Accomplishments in past 60 days:

- Perkins Loan federal data reporting – lots of detail
- Gainful Employment reporting to Department of Education, also detailed.
- Kansas Study of Instructional Costs – results, establishment of peer comparison group (based on year 1 & 2 findings)
- Fall course evaluations in process
- Other data requests as possible



Title III Project EAGLE: End of Year Report

Summary:

Staff has provided a copy of NPC's Annual Performance Report related to Title III Project EAGLE activities. This is a final performance report for FY 2011 that covers a reporting period of 4/1/2011 – 9/30/2011.

Project year one for Project EAGLE consisted of ten process objectives, summarized below:

Process Objective	Status as of 9/30/2011
Hire Systems Administrator	Complete
Increase Internet connectivity at WMC	Complete
Add Internet connectivity at PDC	Complete
Increase connectivity to HOPI and Kayenta	New service agreements for Kayenta executed. Installation of services delayed due to Kayenta center relocation. Hopi center improvements delayed until a more suitable provider is in place, expected in Spring 2012.
Install secondary WAN path between Green's Peak and Holbrook	Delayed due to FCC licensing issue at Green's Peak. Alternate path is being designed.
Evaluate current technologies for Model Classroom design	Complete
Install Model Classrooms 1-4	Complete
Design and engineer VDI	Complete
Conduct formative evaluation for Project year 1	Complete
Revise project tasks as necessary	Underway





**U.S. Department of Education
Grant Performance Report Cover Sheet (ED 524B)**

OMB No. 1890 - 0004

Check only one box per Program Office instructions.

Annual Performance Report

Final Performance Report

Expiration: 10-31-2007

General Information

1. PR/Award #: P 0 3 1 X 1 0 0 0 0 2
(Block 5 of the Grant Award Notification.)
2. NCES ID #: 1 0 5 3 4 9
(See Instructions.)
3. Project Title: Equitable Access To Gainful Learning Experiences (EAGLE) 84.031X
(Enter the same title as on the approved application.)
4. Grantee Name *(Block 1 of the Grant Award Notification.):* Navajo County Community College District
5. Grantee Address *(See Instructions.)*
6. Project Director Name: Eric Bishop Title: Director Of Information Services
Ph. #: (928) 524 - 7400 Ext: () Fax #: (928) 524 - 7402
Email Address: ERIC.BISHOP@NPC.EDU

Reporting Period Information *(See instructions.)*

7. Reporting Period: From: 4 / 1 / 2011 To: 9 / 30 / 2011 (mm/dd/yyyy)

Budget Expenditures *(To be completed by your Business Office. See instructions. Also see Section B.)*

8. Budget Expenditures

	Federal Grant Funds	Non-Federal Funds <i>(Match/Cost Share)</i>
a. Previous Budget Period	18,836.00	0.00
b. Current Reporting Period	81,961.00	0.00
c. Entire Project Period <i>(For Final Performance Reports only)</i>	100,797.00	0.00

Indirect Cost Information *(To be completed by your Business Office. See instructions.)*

9. Indirect Costs
- a. Are you claiming indirect costs under this grant? Yes No
- b. If yes, do you have an Indirect Cost Rate Agreement approved by the Federal government? Yes No
- c. If yes, provide the following information:
 Period Covered by the Indirect Cost Rate Agreement: From: ___/___/___ To: ___/___/___ (mm/dd/yyyy)
 Approving Federal agency: ___ED ___Other *(Please Specify):* _____
 Type of Rate *(For Final Performance Reports Only):* ___Provisional ___Final ___Other *(Please specify)* _____
- d. For Restricted Rate Programs (check one) -- Are you using a restricted indirect cost rate that :
 ___ Is included in your approved Indirect Cost Rate Agreement?
 ___ Complies with 34 CFR 76.564(c)(2)?

Human Subjects *(See instructions.)*

10. Annual Certification of Institutional Review Board (IRB) Approval? ___Yes ___No N/A

Performance Measures Status and Certification *(See instructions.)*

11. Performance Measures Status
- a. Are complete data on performance measures for the current budget period included in the Project Status Chart? Yes ___No
- b. If no, when will the data be available and submitted to the Department? ___/___/___ (mm/dd/yyyy)
12. To the best of my knowledge and belief, all data in this performance report are true and correct and the report fully discloses all known weaknesses concerning the accuracy, reliability, and completeness of the data.

Name of Authorized Representative:	Title:
Signature:	Date:

Executive Summary

During the second budget period (still in project year one), the implementation team continued executing tasks as outlined in the Implementation Strategy Charts of the EAGLE project funded by Title III, Part A of the NASNTI program. After signing contracts with appropriate vendors, physical upgrades to the Wide Area Network (WAN) were executed, resulting in faster Internet connectivity in Show Low and new connectivity in Holbrook. The necessary contracts with a new vendor to increase WAN bandwidth at the Kayenta Center have been executed, however, implementation has been delayed until January 2012 due to an upcoming relocation of that Center. The plan to increase WAN bandwidth to the Hopi Center has been delayed until a more suitable provider has a presence in this area, which should happen late fall or early spring. During the summer months Northland Pioneer College staff and faculty have already started to report noticeable improvements in Internet connectivity.

An advisory team consisting of seven faculty and two information services staff members provided guidance for the Model Classroom design and the final design document was delivered to and approved by the Presidents' Executive Team. Subsequently, all necessary equipment for four pilot Model Classrooms was purchased and has been installed.

To mitigate the risk of severing the network at Dry Lake, the EAGLE project planned to install a secondary path between Green's Peak and Holbrook (Hermosa location). However, the Federal Communications Commission did not issue the necessary microwave frequency permit because of an oversaturation of the necessary frequency. The EAGLE Project Director made several unsuccessful attempts to reach the assigned NASNTI program officer and seek advice on how to proceed with this part of the project implementation. In the absence of any guidance from the U.S. Department of Education, the EAGLE project team is working with the vendor on designing an alternative path to meet the same objective in developing network redundancy and will report on the progress in the next report period.

In April, as part of the project evaluation efforts, a survey was fielded to NPC students, faculty, and staff. The audience-specific surveys focused primarily on satisfaction with technology, specifically with internet connection reliability and speed, availability of "smart" classrooms,

and communication technology; and the usage of technology for school, work, instruction, and research. The survey report noted that students, faculty, and staff were the least satisfied with internet connection speed: both staff and faculty reported a below average satisfaction. This was an expected outcome as the data were collected prior to any physical upgrades to the network. In August, the NASNTI program officer approved changes to the performance measures under Objective 1 of the EAGLE project. The change consolidated enrollment and retention measures previously planned to be reported separately for campuses and centers.

During the budget period ending on September 31, 2011, baseline data for performance measures were collected and their incremental improvement targets were identified. No changes in performance measures are projected for this report period as the Model Classrooms have yet to be used for instruction and the physical upgrades to the network were only made during the summer months. More information on the progress in meeting performance objectives is included on the Grant Performance Report (ED 524B).

With the exception of challenges associated with risk mitigation of severing the wide area network (as reported above), the EAGLE project is being implemented according to the planned timeline and budget.



**U.S. Department of Education
Grant Performance Report (ED 524B)
Project Status Chart**

OMB No. 1890-0004
Exp. 02/28/2011

PR/Award # (11 characters): P031X100002

SECTION A - Performance Objectives Information and Related Performance Measures Data (See Instructions. Use as many pages as necessary.)

1. Project Objective Check if this is a status update for the previous budget period.

Academic Programs: To increase enrollment, retention, and graduation rates college-wide with an emphasis on establishing parity between campus and center locations, quantified by the following measures:

1.a. Performance Measure	Measure Type	Project	Quantitative Data						
			Target			Actual Performance Data			
			Raw Number	Ratio	%	Raw Number	Ratio	%	
Increase enrollment of full-time degree seeking students.			485		0		486		0.2

1.b. Performance Measure	Measure Type	Project	Quantitative Data						
			Target			Actual Performance Data			
			Raw Number	Ratio	%	Raw Number	Ratio	%	
Increase enrollment of part-time degree seeking students.			1017		0		1328		30.6

Explanation of Progress (Include Qualitative Data and Data Collection Information)

Both of these measures represent college's official FTSE counts. During the first year of the project no improvements in the measures were expected because of the nature of the initial implementation phase. For example, the actual improvements to the network were made during the summer and the first model classroom was came online in early fall. The following incremental target improvements were identified for each of the years in which the EAGLE project will be active:

Performance Measure	Fall 2010 - Base	Fall2011	Fall2012	Fall2013	Fall2014	Fall2015
	Enrollment: degree seeking - full time (actual)	485	486			
Target improvement %		0%	5%	10%	15%	20%
Target improvement (FTSE)		485	509	534	558	582
Enrollment: degree seeking - part time (actual)	1017	1328				
Target improvement %		0%	5%	10%	15%	20%
Target improvement (FTSE)		1017	1068	1119	1170	1220



**U.S. Department of Education
Grant Performance Report (ED 524B)
Project Status Chart**

PR/Award # (11 characters): P031X100002

SECTION A - Performance Objectives Information and Related Performance Measures Data (See Instructions. Use as many pages as necessary.)

1. Project Objective Check if this is a status update for the previous budget period.

Academic Programs: To increase enrollment, retention, and graduation rates college-wide with an emphasis on establishing parity between campus and center locations, quantified by the following measures:

I.c. Performance Measure	Measure Type	Quantitative Data									
		Target		Actual Performance Data							
		Raw Number	Ratio	Raw Number	Ratio	Raw Number	Ratio				
Increase retention of first-time, full-time degree seeking students.	Project										
				41%							39%

I.d. Performance Measure	Measure Type	Quantitative Data									
		Target		Actual Performance Data							
		Raw Number	Ratio	Raw Number	Ratio	Raw Number	Ratio				
Increase retention of part-time degree seeking students.	Project										
				22%							33%

Explanation of Progress (Include Qualitative Data and Data Collection Information)

During the first year of the project no improvements in the measures were expected because of the nature of the initial implementation phase as mentioned on the previous page. Fall 2010 data present a base for calculation of incremental target improvements for each of the years in which the EAGLE project will be active:

	Performance Measure	Fall 2010 - Base	Fall2011	Fall2012	Fall2013	Fall2014	Fall2015
		Retention of first-time, full-time degree seeking students.	41%	39%	5%	10%	15%
1c	Target improvement %		0%	5%	10%	15%	25%
	Target improvement (Retention Rate)		41%	43%	45%	47%	51%
	Retention of first-time, part-time degree seeking students.	22%	33%	5%	10%	15%	25%
	Target improvement %		0%	5%	10%	15%	25%
1d	Target improvement (Retention Rate)		22%	23%	24%	25%	28%



**Grant Performance Report (ED 524B)
Project Status Chart**

PR/Award # (11 characters): P031X100002

SECTION A - Performance Objectives Information and Related Performance Measures Data (See Instructions. Use as many pages as necessary.)

1. Project Objective Check if this is a status update for the previous budget period.

Academic Programs: To increase enrollment, retention, and graduation rates college-wide with an emphasis on establishing parity between campus and center locations, quantified by the following measures:

I.e. Performance Measure	Measure Type	Quantitative Data																
		Target			Actual Performance Data													
		Raw Number	Ratio	%	Raw Number	Ratio	%											
Increase graduation rates.	Project																	

Explanation of Progress (Include Qualitative Data and Data Collection Information)

The measure refers to a 3-year graduation rate for first-time, full-time students. The target was set based on the 2007 cohort. No improvement was expected during the first year of the project. The actual measure went from 11% to 25%, but not due to the project's impact. No causal relationship between the accomplished parts of the project and a 3-year graduation rate can be yet established.

Performance Measure	Fall 2010 – Base (cohort 2007)	Fall2011 (Cohort 2008)	Fall2012 (Cohort 2009)	Fall2013 (Cohort 2010)	Fall2014 (Cohort 2011)	Fall2015 (Cohort 2012)
		3-year graduation rate of first-time, full-time degree seeking students (base-2007 cohort/actual)	11%	25%		
Target Improvement %		0%	5%	15%	25%	35%
Target Improvement (Graduation Rate)		11%	26%	29%	31%	34%



**U.S. Department of Education
Grant Performance Report (ED 524B)**

Project Status Chart
PR/Award # (11 characters): P031X100002

OMB No. 1890-0004
Exp. 02/28/2011

SECTION A - Performance Objectives Information and Related Performance Measures Data (See Instructions. Use as many pages as necessary.)

2. Project Objective Check if this is a status update for the previous budget period.

Institutional Management: To facilitate equitable, reliable, high-quality academic, instructional and managerial access and communication across the NPC service area, quantified by the following measures:

2.a. Performance Measure	Measure Type	Project	Quantitative Data								
			Target			Actual Performance Data					
			Raw Number	Ratio	%	Raw Number	Ratio	%			
NPC's current distributed infrastructure will be converted to end-to-end Virtual Desktop Infrastructure (VDI) across the service area			0		0		0		0		0

2.b. Performance Measure	Measure Type	Project	Quantitative Data								
			Target			Actual Performance Data					
			Raw Number	Ratio	%	Raw Number	Ratio	%			
NPC Student Services staff will use the related technology regularly to provide ancillary services			0		0		0		0		0

Explanation of Progress (Include Qualitative Data and Data Collection Information)
During the first year of the project no improvements in the measures 2a and 2b were expected due to the nature of the initial implementation phase. The total number of all desktops in 2010 was 915 and 983 in 2011. By the end of the report period none were replaced with virtual desktops. The student services area used 130 desktops in 2010. None of them are yet converted to VDI. The following incremental target improvements were identified for each of the years in which the EAGLE project will be active:

Performance Measure	Fall 2010 – Base	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015
Number of VDI (count) - actual	0	0				
Target improvement %		0%	25%	50%	75%	75%
2a Target improvement (count)		0	229	458	686	686
Number of VDI within students services (count) - actual	0	0				
Target improvement %		0%	50%	75%	100%	100%
2b Target improvement %						



**U.S. Department of Education
Grant Performance Report (ED 524B)
Project Status Chart**

PR/Award # (11 characters): P031X100002

OMB No. 1890-0004
Exp. 02/28/2011

Target Improvement (count)

0 65 98 130 130

SECTION A - Performance Objectives Information and Related Performance Measures Data (See Instructions. Use as many pages as necessary.)

2. Project Objective | | Check if this is a status update for the previous budget period.

Institutional Management: To facilitate equitable, reliable, high-quality academic, instructional and managerial access and communication across the NPC service area, quantified by the following measures:

2.c. Performance Measure	Measure Type	Quantitative Data					
		Target		Actual Performance Data			
	Project	Raw Number	Ratio	Raw Number	Ratio	Raw Number	Ratio
College meetings that involve students, employee or administrators from more than one location will allow participation using remote meeting applications.		85		150			

2.d. Performance Measure	Measure Type	Quantitative Data					
		Target		Actual Performance Data			
	Project	Raw Number	Ratio	Raw Number	Ratio	Raw Number	Ratio
Full-time faculty will demonstrate proficiency with instructional technology by, as evidenced by their teaching at least one class annually using instructional technology;					32%		999

Explanation of Progress (Include Qualitative Data and Data Collection Information)
 The measure 2c refers to the number of desktops with remote meeting capabilities. No improvements were projected during the first year of the project, but the actual number of desktops with remote meeting applications increased from 85 in 2010 to 150 in 2011. The actual performance data for 2d are not yet available. The base was collected through a faculty survey administered in spring 2011 (FY 2011) as the institution does not collect faculty-level data on instruction using technology. To approximate the intent of the measure, the faculty self-reported on teaching online or using model classrooms.

Performance Measure	Fall 2010 - Base	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015
2c Target Improvement (count of desktops with remote meeting app)	85	150	50%	75%	100%	100%
2c Target Improvement (count of desktops with remote meeting app)		85	458	686	915	915
Percentage of full-time faculty teaching at least one online class or using model classroom (data from spring terms)	32% (spring 2010)	Not yet available				
Target Improvement %		0%	20%	50%	70%	80%
2d Target Improvement (Percentage of full time faculty/ online class)		32%	38%	48%	54%	58%



**U.S. Department of Education
Grant Performance Report (ED 524B)
Project Status Chart**

PR/Award # (11 characters): P031X100002

OMB No. 1890-0004
Exp. 02/28/2011

SECTION A - Performance Objectives Information and Related Performance Measures Data (See Instructions. Use as many pages as necessary.)

2. Project Objective Check if this is a status update for the previous budget period.

Institutional Management: To facilitate equitable, reliable, high-quality academic, instructional and managerial access and communication across the NPC service area, quantified by the following measures:

2.c. Performance Measure	Measure Type	Quantitative Data					
		Target		Actual Performance Data			
Part-time NPC faculty will demonstrate proficiency with instructional technology as evidenced by their teaching at least one class annually using instructional technology.	Project	Raw Number	Ratio	Raw Number	Ratio	Raw Number	Ratio
						9	%
						999	%

Explanation of Progress (Include Qualitative Data and Data Collection Information)
 The actual performance data for 2e are not yet available. The base (the target measure) was determined through a faculty survey administered in spring 2011 (FY 2011) as the institution does not collect faculty-level data on instruction using technology. To approximate the intent of the measure, the faculty self-reported on teaching online or using model classrooms.

Performance Measure	Spring 2011 - Base	Spring 2012	Spring 2013	Spring 2014	Spring 2015	Fall 2015
	Percentage of part-time faculty teaching at least one online class or using model classroom	9%	0%	20%	50%	70%
Target Improvement %						
Target Improvement (Percentage of full time faculty/ online class/module classroom)	9%	11%	14%	15%	16%	



Grant Performance Report (ED 524B)

Project Status Chart

PR/Award # (11 characters): P031X100002

SECTION A - Performance Objectives Information and Related Performance Measures Data (See Instructions. Use as many pages as necessary.)

3. Project Objective | | Check if this is a status update for the previous budget period.

Fiscal Stability: To improve the college's financial profile through increased enrollment at all sites through more cost-effective and efficient use of technology and associated savings in energy and transportation, quantified by the following measures:

3.a. Performance Measure	Measure Type	Quantitative Data			
		Target		Actual Performance Data	
NPC will reflect a savings of staff hours per year related to travel for participation in meetings.	Project	Raw Number	Ratio	Raw Number	Ratio
				-1,000	%
					999

3.b. Performance Measure	Measure Type	Quantitative Data			
		Target		Actual Performance Data	
NPC will reduce its fuel consumption over FY 2010.	Project	Raw Number	Ratio	Raw Number	Ratio
					-25%

Explanation of Progress (Include Qualitative Data and Data Collection Information)
 The institution does not collect travel time data, therefore a survey method was used to estimate the total hours traveled. One-month, self-reported travel time was extrapolated for the entire year factoring in variation in travel intensity. The survey sample average travel time was projected on all employees in staff and administrator categories to determine the actual performance. The estimated travel time reduction exceeded all expectations. The reduction was driven mainly by decline in staff travel rather. The staff-reported average travel hours were reduced by 33%. Fuel data for FY 2012 are not yet available but based on the travel pattern it is expected that the objective measured by 3b will be met.

Performance Measure	FY 2011 - base	FY2012	FY2013			
			FY2013	FY2014	FY2015	FY2016
Reduction in staff travel hours to meetings	0	-4,488				
	Staff travel hours to meetings	12,700	8,212			
3a Target improvement (hours)		-1,000				
	Reduction in fuel consumption	0% available	Not yet available			N/A
Gallons of fuel purchased	29,944	Not yet available				
Target improvement %		-25%				
3b Target improvement (gallons or \$)		22,458				



Grant Performance Report (ED 524B)

Project Status Chart

PR/Award # (11 characters): P031X100002

SECTION A - Performance Objectives Information and Related Performance Measures Data (See Instructions. Use as many pages as necessary.)

3. Project Objective | | Check if this is a status update for the previous budget period.

Fiscal Stability: To improve the college's financial profile through increased enrollment at all sites through more cost-effective and efficient use of technology and associated savings in energy and transportation, quantified by the following measures:

3.c. Performance Measure	Measure Type	Quantitative Data					
		Target			Actual Performance Data		
		Raw Number	Ratio	%	Raw Number	Ratio	%
NPC Information Services will realize savings of 40% over FY 2010 in expenses related to its overall budget.			/	0%		/	-5.6%

Explanation of Progress (Include Qualitative Data and Data Collection Information)
 The IS FY 2012 budget decreased by 5.6% from the base. No change was projected as a result of the EAGLE project implementation. The following incremental target improvements were identified for each of the years in which the EAGLE project will be active:

Performance Measure	FY 2011 - base	FY2012	FY2013	FY2014	FY2015	FY2016
	Information Services Budget Savings	0.0%	-5.6%			
IS Budget (\$) - actual	\$1,997,279	\$1,883,985				
Savings (\$) - actual	\$0	-\$113,294				
Target improvement %		0%	-10%	-20%	-30%	-40%
3c Target improvement (count)		\$1,997,279	1,797,551	1,597,823	1,398,095	1,198,367



U.S. Department of Education

**Grant Performance Report (ED 524B)
Project Status Chart**

OMB No. 1890-0004
Exp. 02/28/2011

PR/Award # (11 characters): P031X100002

SECTION B - Budget Information (See Instructions. Use as many pages as necessary.)

SECTION C - Additional Information (See Instructions. Use as many pages as necessary.)

Northland Pioneer College							
Title III NASNTI Grant							
Fiscal Year 10/11-11/12							
Project Year 1 Oct 1st, 2010-Sept 30th, 2011							
Budget Categ.	NPC Account (Project Codes July-June 0541)	NPC Account Name	Title III 10/11 Budget	six month semi-annual report (Oct-Mar)	six month semi-annual report (Apr-Sept)	YTD Total	Variance Budget- Actual
	20-4371-4240-xxxx	Federal Grants		-	-	100,796.77	(100,796.77)
	Total Revenues		-			100,796.77	(100,796.77)
	20-4371-50xx-xxxx	Salaries	70,000.00			-	70,000.00
	20-4371-5001-xxxx	Adjunct		-	-	-	-
	20-4371-5003-xxxx	Administrative		-	-	-	-
	20-4371-5002-xxxx	Instructional		-	-	-	-
	20-4371-5006-xxxx	Temps		-	-	-	-
	20/4371-5008-xxxx	Lab Aids		-	-	-	-
	20-4371-5014-xxx	Special Status		4,948.02	30,059.22	35,007.24	(35,007.24)
	Subtotal Salaries & Wages		70,000.00	4,948.02	30,059.22	35,007.24	34,992.76
	20-4371-505x-xxxx	Fringe Benefits	20,000.00			-	20,000.00
	20-4371-5051-xxxx	Life Ins		-	-	-	-
	20-4371-5052-xxxx	Health Ins		508.97	3,177.26	3,686.23	(3,686.23)
	20-4371-5053-xxxx	Unemployment Ins		-	-	-	-
	20-4371-5054-xxxx	Industrial Ins	-	12.86	102.48	115.34	(115.34)
	20-4371-5055-xxxx	State Retirement	-	487.40	2,998.90	3,486.30	(3,486.30)
	20-4371-5056-xxxx	Social Security	-	378.52	2,299.50	2,678.02	(2,678.02)
	20-4371-5057-xxxx	Tuition Fee Waivers		-	-	-	-
	Subtotal Benefits		20,000.00	1,387.75	8,578.14	9,965.89	10,034.11
		Equipment	129,500.00			-	129,500.00
	20-4371-5208-xxxx	Equipment < \$5000		-	-	-	-
	20-4371-5600-xxxx	Audio Visual Equipment		-	-	-	-
	20-4371-5645-xxxx	Equipment		-	-	-	-
	20-4371-5630-xxxx	Computer Equip		-	21,194.48	21,194.48	(21,194.48)
	Subtotal Equipment		129,500.00		21,194.48	21,194.48	108,305.52
		Supplies	8,000.00			-	8,000.00
	20-4371-5200-xxxx	Non Instructional Sup		-	-	-	-
	20-4371-5201-xxxx	Computer Software		-	1,390.00	1,390.00	(1,390.00)
	20-4371-5209-xxxx	Misc Supplies		-	-	-	-
	20-4371-5210-xxxx	Instructional Sup		-	-	-	-
	Subtotal Supplies		8,000.00	-	1,390.00	1,390.00	6,610.00
		Contractual	161,500.00			-	161,500.00
	20-4371-5104-xxxx	Contractual Services	-	12,500.00	-	12,500.00	(12,500.00)
	20-4371-5108-xxxx	Professional Services	-	-	6,303.15	6,303.15	(6,303.15)
	20-4371-5440-xxxx	Telephone	-	-	14,436.01	14,436.01	(14,436.01)
	20-4371-5990-xxxx	Other Misc Expenses		-	-	-	-
	Subtotal Contractual		161,500.00	12,500.00	20,739.16	33,239.16	128,260.84
	Total Expenditures		389,000.00	18,835.77	81,961.00	100,796.77	288,203.23
	Revenues Less Expenditures		(389,000.00)	(18,835.77)	(81,961.00)	-	-

NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
Statement of Financial Position
For the period

July 1, 2011 to November 30, 2011

Budget Period Expired

42%

Tax Supported Funds

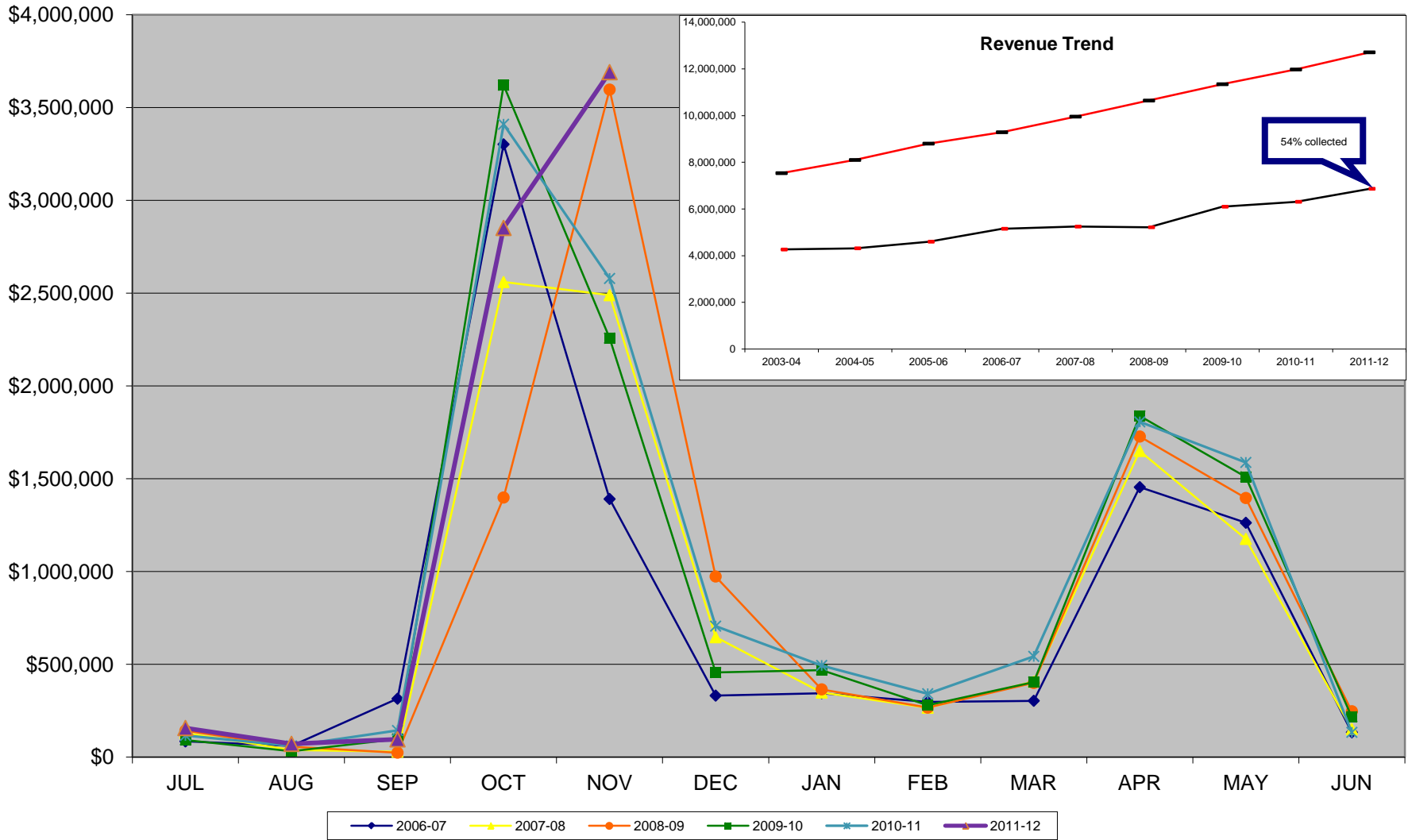
	General Unrestricted				Unrestricted Plant				
	Budget	Current Month Actual	Y-T-D Actual	%	Budget	Current Month Actual	Y-T-D Actual	%	
REVENUES									
Primary Tax Levy	12,710,760	3,690,730	6,868,558	54%					
State Aid:									
Maintenance and Operations	1,720,000	0	865,050	50%					
Capital					0	0	0		
Equalization	6,452,000	0	3,225,850	50%					
Out of County Reimbursement	600,000								
Tuition and Fees	4,200,000	371,220	1,857,908	44%					
Investment earnings	125,000	7,197	46,072	37%					
Grants and Contracts	750,000	7,599	889,538	119%					
Other Miscellaneous	100,000	16,834	83,450	83%					
Transfers:	(4,550,000)	(320,271)	(1,731,089)	38%	3,800,000	316,667	1,583,333	42%	
TOTAL REVENUES	\$22,107,760	\$3,773,309	\$12,105,337	55%	\$3,800,000	\$316,667	\$1,583,333	42%	
EXPENDITURES									
Salaries and Wages	14,985,000	1,248,893	5,424,213	36%					
Operating Expenditures	5,020,000	292,439	1,877,743	37%					
Capital Expenditures	165,000	28,062	104,280	63%	4,400,000	425,142	1,652,186	38%	
TOTAL EXPENDITURES	\$20,170,000	\$1,569,394	\$7,406,236	37%	\$4,400,000	\$425,142	\$1,652,186	38%	

Restricted, Auxillary and Agency Funds

	Restricted				Auxiliary				Agency			
	Budget	Current Month Actual	Y-T-D Actual	%	Budget	Current Month Actual	Y-T-D Actual	%	Budget	Current Month Actual	Y-T-D Actual	%
REVENUES												
Grants and Contracts	4,800,000	387,884	2,367,723	49%								
Sales and Services												
Bookstore					150,000	16,657	63,112	42%				
Other					225,000	17,848	82,374	37%	0	545	2,995	
Investment Earnings												
Donations												
Board Designated Donation												
Transfers:	600,000	0	108,860	18%	150,000	3,604	38,896	26%				
TOTAL REVENUES	\$5,400,000	\$387,884	\$2,476,583	46%	\$525,000	\$38,109	\$184,382	35%	\$0	\$545	\$2,995	
EXPENDITURES												
Salaries and Wages	899,442	74,041	309,019	34%	327,212	21,354	91,635	28%				
Operating Expenditures	4,050,558	105,295	1,824,376	45%	197,788	16,755	92,747	47%	0	842	1,872	
Capital Expenditures	450,000	0	31,845	7%								
TOTAL EXPENDITURES	\$5,400,000	\$179,336	\$2,165,240	40%	\$525,000	\$38,109	\$184,382	35%	\$0	\$842	\$1,872	

Cash flows from all activities (YTD)	16,352,630
Cash used for all activities (YTD)	11,409,916
Net Cash for all activities (YTD)	\$ 4,942,714

Monthly Primary Property Tax Receipts



Human Resources UPDATE

FILLED

1. **Apache County Coordinator** – Jennifer McDowell started on January 2. Jennifer received her Associate of General Studies from Northland Pioneer College. She received her Bachelor of Applied Science in Public Agency Services from Northern Arizona University, and she received her Certified Master of Business Administration, Management and Strategy from Western Governor's University.
2. **Systems Analyst Programmer** – Akpabio Akpabio started January 2, 2012. B.B.A. from University of Maryland and has a Master's degree in Computer Science from Clark Atlanta University.
3. **Faculty/Department Chair in Construction Technology** – Ken Wilk starts on January 16. Ken comes to us from Anchorage, Alaska. He has a Master in Engineering degree in Construction Management from the University of Nebraska-Lincoln and a Bachelor of Science degree in Construction Management from Northern Arizona University.

OPEN

1. **Faculty in Biology** – closed October 24-11; 23 applicants
2. **Faculty in ECD and Elementary Education** – closed December 1-11; 20 applicants
3. **Faculty in Nursing** – closes January 13-12; 1 applicant
4. **Maintenance II** – closes January 16; 12 applicants

EMPLOYEE OF THE YEAR



Northland Pioneer College

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