

COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT

For the fiscal year  
ended June 30, 2008

PRESCOTT

VERDE VALLEY

PRESCOTT VALLEY

CHINO VALLEY

SEDONA

CAMP VERDE

*Yavapai*  
COLLEGE

Your community. Your college.

COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT

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For the fiscal year  
ended June 30, 2008

**Yavapai**  
COLLEGE  
Your community. Your college.

**Yavapai County Community College District  
Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2008**

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INTRODUCTORY  
SECTION

*Yavapai*  
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December 1, 2008

The District Governing Board of Yavapai County Community College District

The Comprehensive Annual Financial Report (CAFR) of the Yavapai County Community College District (the "District"), Prescott, Arizona for the fiscal year ended June 30, 2008, is submitted herewith.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rest with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. Please read the management's discussion and analysis in conjunction with the Vice President of Administrative Services and Director of Business Services/Controller's transmittal letter.

This report is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting as established by the Government Accounting Standards Board (GASB) using the guidelines as recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

The District is required to undergo a single audit in conformity with the provisions of the Single Audit Act Amendments of 1996; the U.S. Office of Management and Budget Circular A-133; and Government Auditing Standards issued by the Comptroller General of the United States. Information related to this report, including the Schedule of Expenditures of Federal Awards and auditors' reports on internal controls and compliance with applicable laws and regulations will be available at a future date by contacting the Vice President of Administrative Services.

### **THE REPORTING ENTITY**

The District is an independent reporting entity within the criteria established by GAAP and the GASB. Although the District shares the same geographic boundaries with Yavapai County, financial accountability over all activities related to public community college education in Yavapai County is exercised solely by the District. In accordance

with GASB Statement No. 39, the financial reporting entity consists of a primary reporting entity and its component units. The District is a primary government because it is a special-purpose political subdivision that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments.

The accompanying financial statements present the activities of the District and its component unit, the Yavapai College Foundation (Foundation). The Foundation is a legally separate, tax-exempt organization. Although the District does not control the timing or amount of receipts from the Foundation, the Foundation's restricted resources can only be used by, or for the benefit of, the District. Consequently, the Foundation is considered a component unit of the District and is discretely presented in the District's financial statements.

## **HISTORY**

The District was established in 1966 under the Arizona Community College Law of 1966. During the first year of instruction, 1969-70, classes were held at various sites in Prescott. The first buildings were dedicated in February, 1970 on 100 acres in Prescott that were once part of historic Fort Whipple. To better serve the growing communities on the east side of Yavapai County, the Verde Valley Campus was established in 1975 on 120 acres in Clarkdale. Yavapai College education centers have been built in Chino Valley, Prescott Valley, Sedona and the new Career & Technical Education Center, located near the Prescott Airport, opened in the Fall of 2007. Extension sites throughout the county complete the Yavapai District mosaic.

The District is accredited by the North Central Association of Colleges and Schools and has been throughout its history.

## **SERVICE AREA**

Yavapai County, named for the Yavapai Native Americans ("Yavapai" means "The People of the Sun") is a land of extremes with a blend of the Old West and the contemporary. Yavapai County, one of the state's oldest counties, was among the original four counties created when Arizona was still a territory. The provisional seat of the Arizona territorial government was established at Fort Whipple on January 22, 1864. Yavapai County offers many local attractions ranging from natural to cultural to educational. Scenic pine forests provide year-round recreational opportunities. Museums, monuments, and rodeos reflect Arizona's tribal and territorial past.

The District serves a diverse student population in a rural area covering approximately

8,123 square miles (which is larger than the state of Massachusetts) with the 2007 estimated population (provided by the Department of Economic Security) of 220,170 and a population density of 27 people per square mile.

## **ECONOMIC OUTLOOK**

Yavapai County is located in the west central portion of the state. Its boundaries include the incorporated cities and towns of Camp Verde, Chino Valley, Clarkdale, Cottonwood, Dewey-Humboldt, Jerome, Prescott, Prescott Valley, and Sedona. The larger unincorporated areas of the county include the communities of Ashfork, Bagdad, Black Canyon City, Congress, Crown King, Mayer, Paulden, Seligman, and Yarnell. Small business, light industry, service trades, ranching, mining, and tourism all contribute to the economy of Yavapai County. A rapidly growing retiree population has made Yavapai County one of the fastest growing rural counties in the country with a population estimated to increase to 305,000 by the year 2020.

Property taxes provide the majority of funding for the District. The assessed value of all property will increase by 20% for fiscal year 2008-09. County-wide permits for new construction for fiscal year 2007-08 experienced a decrease of 39% over the previous fiscal year. This slowing trend in new construction along with the current weak real estate market will likely slow the rate of growth in total assessed values compared to what has been experienced in the last several years.

The State's economy has continued to weaken, especially as it relates to the labor market. The sector with the highest job losses is construction. While Arizona's unemployment rate still remains below the nation's, the gap is narrowing. Tax collections for the first quarter of the fiscal year were significantly below forecast. As a result, the District faces the possibility of future budget cuts from the State.

## **MAJOR PROGRAM INITIATIVES**

Yavapai College has made strides during the past year in the areas of master planning, enrollment, and student achievement.

### **Master Plan Implementation**

The implementation of the \$69.5 million voter-approved Master Plan Project of 2001 is in its final stages. Most of the Master Plan related construction projects on the Prescott, Verde Valley and Chino Valley campuses have been completed. In January 2008 the District and the Town of Prescott Valley broke ground on a joint use facility for the

purpose of providing classrooms, administrative offices and a library complex. A combination of bond proceeds and funds from the District's Future Capital Projects Accumulation Fund are being used for this project. The remaining bond proceeds will be used to expand the District's services in Sedona and Cordes Junction.

The District completed the renovation of the recently purchased Career & Technical Education Center which is being used to house the District's Automotive Technology, Gunsmithing, Welding and Mining Technology programs. A combination of the District's cash reserves, lease purchase proceeds, and a contribution from Freeport-McMoRan was used to complete the renovations.

The Yavapai College Foundation officially transferred ownership of the Del E. Webb Family Enrichment Center, with all of its furniture, fixtures, equipment and supplies, to the District in September 2007. The combined value of the building, furniture, equipment and supplies was \$2,005,800. In December 2007 the District acquired a parcel of land in the Town of Prescott Valley to be used for future development. A private party donated 50% of the value of the property and the remainder of the purchase price was paid from the Future Capital Projects Accumulation Fund.

## **Enrollment**

The fiscal year was characterized by positive enrollment with more than 15,600 students attending classes and an increase in full-time student equivalent (FTSE) of 2%. Individual programs with double digit FTSE enrollment increases include Agriculture, American Sign Language, Automotive, Creative Writing, Education, Fire Science, Healthcare Education, and Mathematics.

## **Student Achievement**

Student accomplishments continue to be our most important gauge of success. Four students were named to the 2008 All-Arizona Academic Team. A total of 711 students earned degrees or certificates. Throughout the course of the academic year, 126 students completed the Career Skills program, 44 students graduated from the Northern Arizona Regional Training Academy, and 111 students completed all requirements of the Nursing Program. In addition, approximately 105 students completed studies and passed the exam to earn a high school equivalency diploma.

## **FUTURE PROGRAM INITIATIVES**

The District selected Banner as its new Enterprise Resource Planning (ERP) system. The Banner system is an integrated information management solution that includes applications for admissions, academic records, billing and cash receipts, financial aid, advancement, finance, human resources, and self-service. A \$3.9 million lease

purchase was done to finance the cost of the software, implementation services and needed hardware. The District will follow a phased implementation of the system over the next two fiscal years.

Through a combination of the District tax-based dollars and the state's Proposition 301 funds (workforce development), the 2008-09 budget will support new programming in critically-needed areas of workforce development. New and expanded programs will include:

- Agribusiness Technology Program
- Independent Film Making
- Mining Program
- Nursing Program
- Public Services
- Structured English Immersion (SEI) Education Program

In the upcoming year, academic program reviews will be performed in all instructional degree and certificate programs and service area benchmark reviews will be done in all non-instructional areas with the exception of Auxiliary services. Auxiliary Service areas will have program reviews every two to three years.

## **FINANCIAL INFORMATION**

Effective management of these funds through internal control, budgetary controls, cash management, and financial reporting fulfills the District's responsibilities for stewardship, safeguarding of assets, and accountability to resource providers.

### **Internal Control**

In developing and evaluating the District's accounting system, consideration is given to the adequacy of internal controls. Internal controls are designed to provide reasonable, but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that the evaluation of costs and benefits requires estimates and judgments from management.

All internal control evaluations occur within the above framework. We believe that the District's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

## **Budgetary Controls**

The District maintains budgetary controls in the form of line item budgets and budget transfer restrictions by function and object. The objective of these budgetary controls is to ensure compliance with the annual budget adopted by the District Governing Board.

The District complies with state statutes requiring that a report of the District's adopted budget be published annually with the prescribed format as required by the State of Arizona, Office of the Auditor General. The District also demonstrates compliance by issuance of an annual budgeted expenditure limitation report that is examined by the Office of the Auditor General. The expenditure limitation calculation determines the maximum allowable expenditure supported by state appropriations and property tax levies.

## **Cash Management**

The District is governed by the Arizona Revised Statutes relating to the overall investment of idle public funds. The fiduciary responsibility of such investments is entrusted to the District Governing Board and facilitated through the Vice President of Administrative Services.

The District invests idle funds in a prudent, conservative, and secure manner for the highest yield as prescribed by Arizona Revised Statutes. The District has maintained a cash-forecasting program to obtain the highest yield on idle cash. The principal investment vehicle used during the fiscal year has been a pooled investment with the County Treasurer. The pool has provided the District with a safe, high-yielding liquid investment.

## **Financial Reporting**

The Comprehensive Annual Financial Report (CAFR) for the District was formulated with data from several sources including District records and the Yavapai County Treasurer and Assessor Offices. These statements present information on the financial condition of the District and determine whether resources were adequate to cover the costs of providing services during the reporting period. The District's CAFR is distributed to the District Governing Board and executive management, Federal and State agencies, and financial institutions, as well as others throughout the general public. Internal management reports are customized and provided to meet the information and decision-making needs at all levels of the organization and to aid management in the allocation of resources.

The Notes to the Financial Statements are an integral part of this Comprehensive Annual Financial Report and should be read for a full understanding of the financial information presented within.

## **RISK MANAGEMENT**

The District maintains a full complement of insurance coverage in accordance with Arizona Revised Statutes. Liability coverage is carried on a broad basis, including errors and omissions and "wrongful acts" coverage and is maintained with the policy limits in excess of \$50,000,000. Property coverage is maintained on a replacement value basis in accordance with an agreed upon schedule of values. Additional coverage includes: auto fleet liability, crime and fidelity coverage, boiler and machinery insurance, workers' compensation, and student accident coverage.

District Human Resources and Facilities are dedicated to the risk management function and are actively working to minimize the cost of funding risks through the implementation of safety and loss procedures.

## **INDEPENDENT AUDIT**

The District utilizes the audit services of LarsonAllen LLP to comply with Arizona Revised Statutes that require an annual audit of the District's financial statements. The Independent Auditor's Report is included in the CAFR. The District received an unqualified opinion.

## **GFOA CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Yavapai County Community College District for its comprehensive annual financial report for the fiscal year ended June 30, 2007. This was the eighth consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

## ACKNOWLEDGEMENTS

The preparation of this report could not be accomplished without the efficient and dedicated efforts of the Business Office staff. We would like to express our appreciation to all those who assisted in, and contributed to, the preparation of this report.

Respectfully submitted,

Robert E. Lynch  
Vice President of Administrative Services

Frank D'Angelo  
Director of Business Services/Controller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Yavapai County  
Community College District  
Arizona

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Oliver S. Cox*

President

*Jeffrey R. Emer*

Executive Director

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT**

**PRINCIPAL OFFICERS**

June 30, 2008

**DISTRICT GOVERNING BOARD**

Mr. Ray Sigafoos, *Chair, District 3*

Dr. Donna Michaels, *Secretary, District 4*

Dr. Patricia McCarver, *District 1*

Dr. Dale Fitzner, *District 2*

Mr. Herald Harrington, *District 5*

**PRESIDENT**

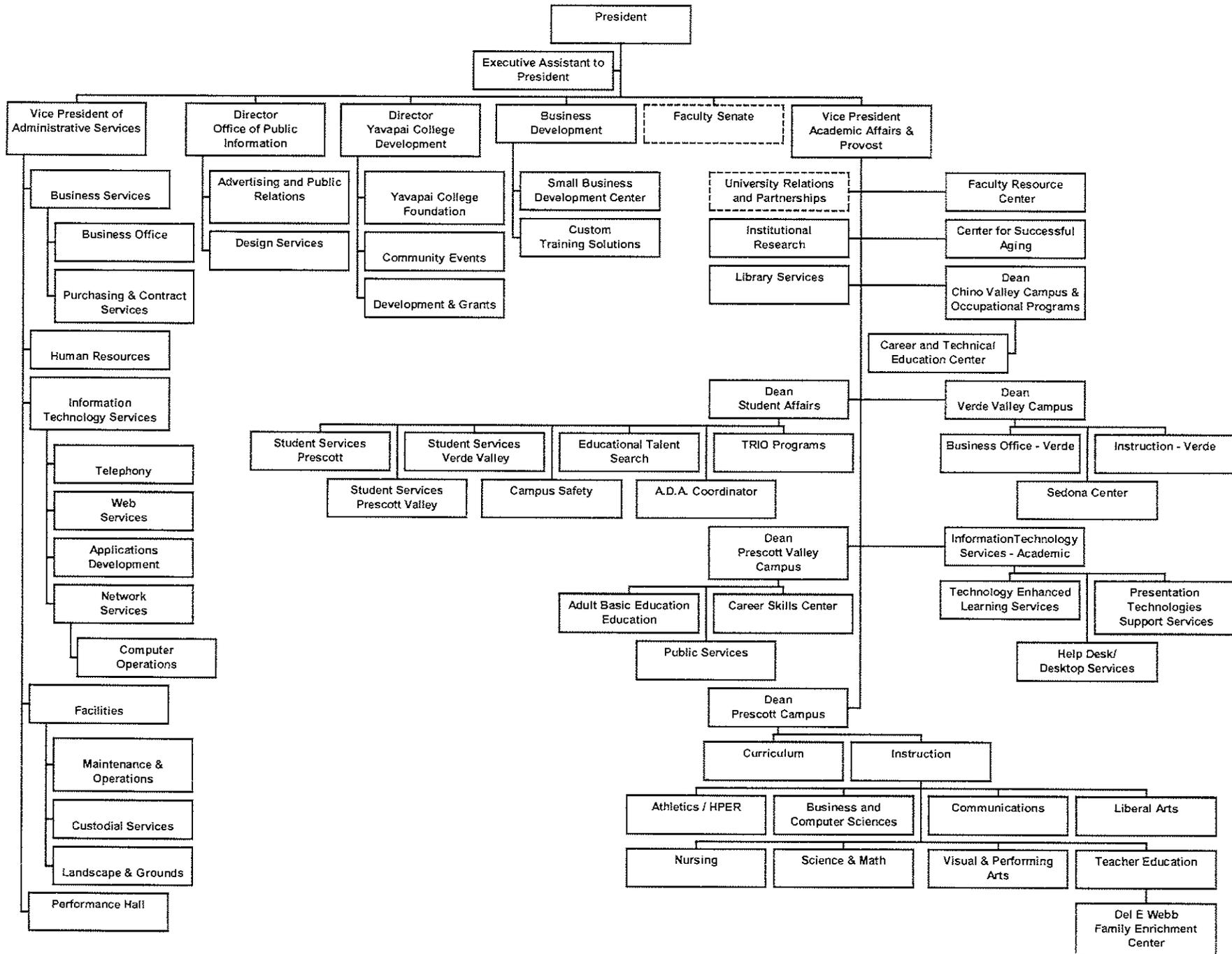
Dr. James F. Horton

**ADMINISTRATION**

Dr. Utpal Goswami, *Vice President of Academic Affairs/Provost*

Mr. Robert E. Lynch, *Vice President of Administrative Services*

# Yavapai Community College District Organizational Chart as of June 30, 2008



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FINANCIAL  
SECTION



CPAs, Consultants & Advisors  
www.larsonallen.com

## INDEPENDENT AUDITORS' REPORT

The Auditor General of the State of Arizona  
and Governing Board of  
Yavapai County Community College District  
Prescott, Arizona

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Yavapai County Community College District (the District), as of and for the year ended June 30, 2008 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 Yavapai College Foundation, Inc., a discretely presented component unit of Yavapai County Community College District. 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 mentioned above, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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. 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 provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Yavapai County Community College District as of June 30, 2008 and the respective changes in financial position and, where applicable, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2008, on our consideration of the District's internal control over financial reporting and 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 the 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.

The Auditor General of the State of Arizona  
and Governing Board of  
Yavapai County Community College District

The accompanying *Management's Discussion and Analysis*, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. 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 an opinion on the basic financial statements. The accompanying introductory section and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Larson Allen LLP*  
LarsonAllen LLP

Mesa, Arizona  
December 1, 2008

December 1, 2008

## **MANAGEMENT'S DISCUSSION and ANALYSIS**

This section of the Yavapai County Community College District (the "District"), Comprehensive Annual Financial Report (CAFR) presents management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2008. This management's discussion and analysis is designed to focus on current activities, resulting change and current known facts. Please read it in conjunction with the Vice President of Administrative Services and Director of Business Services/Controller's letter of transmittal beginning on page 1 and the basic financial statements beginning on page 24.

The accompanying financial statements present the activities of the District and its component unit, the Yavapai College Foundation (Foundation). The Foundation is a legally separate, tax-exempt organization. Although the District does not control the timing or amount of receipts from the Foundation, the Foundation's restricted resources can only be used by, or for the benefit of, the District. Consequently, the Foundation is considered a component unit of the District and is discretely presented in the District's financial statements.

### **Financial Highlights**

Consistent with its mission to provide effective learning environments, instruction is the primary function of the District. Major funding sources supporting all functions include property taxes, tuition and fees and state appropriations. The District exercises primary and secondary tax levy authority for generation of funds for operating, capital equipment and improvements, and debt retirement purposes. Although total revenues have been increasing, in recent years the mix of funding sources has gradually been shifting. Over the past ten years, property taxes and other revenues as a percent of total revenues have risen while the proportionate share of state appropriations has declined.

The assets of the District exceeded its liabilities at the close of the fiscal year by \$51,693,836. Of this amount, \$9,529,847 may be used to meet the District's ongoing obligations to provide educational services.

The District's total net assets increased from the prior year by \$9,082,196. Investments in capital assets, net of related debt, increased by \$6,732,413 (20.0%). Restricted net assets

decreased by \$316,409 and unrestricted net assets increased by \$2,666,192 (38.8%).

The condensed financial information that follows highlights the main categories of the Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets.

### **Basic Financial Statements**

The basic financial statements consist of the following:

The Statement of Net Assets reflects the financial position of the District at June 30, 2008. 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 represents institutional equity or ownership in the total assets of the District. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets reflects the results of operations for the fiscal year ended June 30, 2008. It shows the various revenues and expenses, both operating and nonoperating, reconciling the beginning net asset amount to the ending net asset amount. This is shown on the Statement of Net Assets described above.

The Statement of Cash Flows reflects the cash inflows and outflows of cash and cash equivalents for the year ended June 30, 2008. It shows the various cash activities by type, reconciling the beginning cash and cash equivalents amount to the ending cash and cash equivalent amount – which is shown on the Statement of Net Assets described above. In addition, this statement reconciles cash flows from operating activities to operating income/(loss) on the Statement of Revenues, Expenses, and Changes in Net Assets described above.

### **Condensed Financial Information**

The condensed financial information below highlights the main categories of the Statement of Net Assets. Assets are distinguished between capital and current or noncurrent assets and liabilities are distinguished between long-term liabilities and other liabilities. Net assets

are divided into three categories reflecting the institutional equity in assets by broad characteristics. In addition to the District's capital assets, the District holds resources that have been restricted by external parties for specific programs or purposes. The remaining net assets are unrestricted but are dedicated to the primary mission of the District.

### Condensed Statement of Net Assets

	<u>6/30/2008</u>	<u>6/30/2007</u>
<b>Assets:</b>		
Current assets	\$ 18,071,028	\$ 15,675,862
Noncurrent assets, other than capital assets	4,795,916	3,981,077
Capital assets, net of depreciation	<u>98,492,004</u>	<u>92,340,309</u>
Total assets	<u>121,358,948</u>	<u>111,997,248</u>
<b>Liabilities:</b>		
Other liabilities	3,022,360	2,523,855
Long-term liabilities	<u>66,642,752</u>	<u>66,861,753</u>
Total liabilities	<u>69,665,112</u>	<u>69,385,608</u>
<b>Net assets:</b>		
Invested in capital assets, net of related debt	40,432,861	33,700,448
Restricted net assets	1,731,128	2,047,537
Unrestricted net assets	<u>9,529,847</u>	<u>6,863,655</u>
Total net assets	<u>\$51,693,836</u>	<u>\$42,611,640</u>

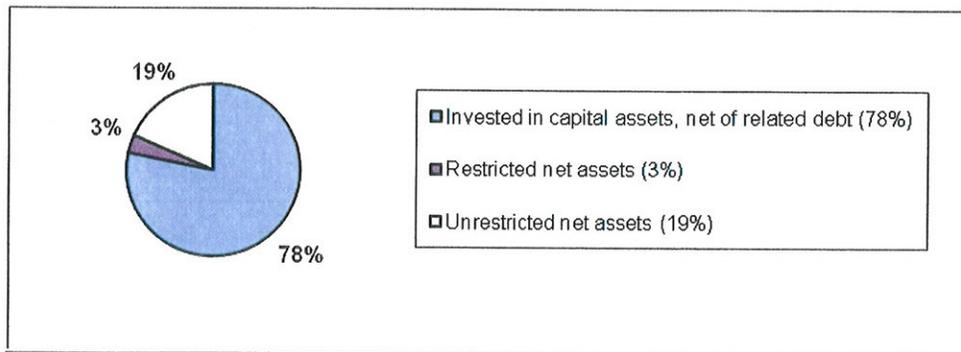
The increase in current assets was primarily attributed to lease proceeds on hand to complete the implementation of the ERP software system. The increase in capital assets, net of depreciation, was a result of the donation of the Del E. Webb Family Enrichment Center (FEC) by the Yavapai College Foundation, the acquisition of land in the Town of Prescott Valley and the purchase of various equipment and software. The increase in other liabilities was credited to general payables and accrued payroll at year-end.

The decrease in long-term liabilities was a result of principal payments made on capital leases, general obligation and revenue bonds partially being off-set by capital lease purchases made for the ERP software system and equipment for the Career & Technical Education Center.

The District's capital assets, net of related debt, increased by \$6,732,413 over the previous

fiscal year. This increase is attributable to the addition of equity in the District's capital assets over the previous year. Restricted net assets decreased from the prior fiscal year as a result of expenditures exceeding revenues. The increase in unrestricted net assets was attributed to lower than expected expenditures relating to the ERP software system and personnel costs.

### Net Assets As of June 30, 2008



As noted earlier, net assets reflect the financial position of the District. The largest portion of the District's net assets (78 percent) reflects the investment in capital assets (e.g., land, buildings, improvements other than buildings, equipment, and library collections), net of depreciation and less any related debt used to acquire those assets still outstanding. The District uses these assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net assets (3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$9,529,847 may be used to meet the District's ongoing mission to the public. Unrestricted net assets increased by \$2,666,192 over the previous fiscal year. At the end of the year, the District is able to report positive balances in all three categories of net assets.

The condensed financial information below highlights the main categories of the Statement of Revenues, Expenses, and Changes in Net Assets.

**Condensed Statement of Revenues, Expenses, and Changes in Net Assets**

	<u>Year Ended</u>	
	<u>6/30/2008</u>	<u>6/30/2007</u>
<b>Revenues</b>		
Operating:		
Tuition and fees	\$ 6,402,070	\$ 7,063,707
Other	1,516,434	1,531,752
Nonoperating:		
Property taxes	38,126,821	35,439,097
Government grants and contracts	5,567,413	4,965,960
State aid	5,465,745	5,399,907
Investment earnings	726,726	958,016
Other	<u>1,036,345</u>	<u>258,992</u>
Total revenues	<u>58,841,554</u>	<u>55,617,431</u>
<b>Expenses</b>		
Operating:		
Educational and general:		
Instruction	16,216,739	15,175,652
Public service	482,123	469,694
Academic support	3,550,891	3,431,924
Student services	4,423,089	3,799,884
Institutional support	9,680,826	9,007,831
Operation and maintenance of plant	5,699,368	6,054,495
Scholarships	2,385,237	2,142,681
Auxiliary enterprises	4,087,342	5,735,654
Depreciation	<u>4,009,537</u>	<u>3,524,995</u>
Total operating expenses	50,535,152	49,342,810
Nonoperating		
Interest expense on debt	2,726,727	2,475,647
Loss on disposal of capital assets	-	<u>2,911</u>
Total expenses	<u>53,261,879</u>	<u>51,821,368</u>
Income before other revenues, expenses, gains, or losses	5,579,675	3,796,063
Capital appropriations, grants, and gifts	<u>3,502,521</u>	<u>723,910</u>
Increase in net assets	9,082,196	4,519,973
Total net assets, July 1	<u>42,611,640</u>	<u>38,091,667</u>
<b>Total net assets, June 30</b>	<u>\$51,693,836</u>	<u>\$42,611,640</u>

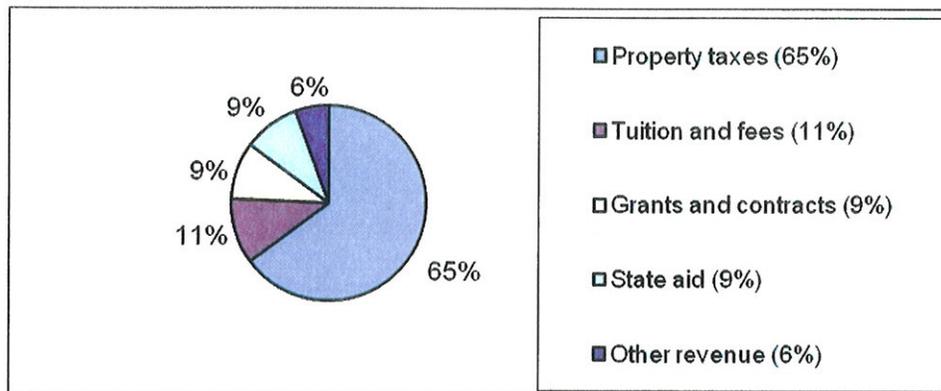
Beginning in fiscal year 2007-08 the District reclassified Federal student financial aid and other grant revenues from operating to nonoperating revenue due to additional guidance provided by the GASB. The amounts presented within this analysis for 2007 have been reclassified for comparison purposes.

Revenues are separated into two categories -- operating and nonoperating. For a description of the difference between operating and nonoperating, please refer to the Summary of Significant Accounting Policies (Note 1).

The District shows an operating loss reflective of the fact that three of the four main revenue sources -- property taxes, government grants and contracts and state aid -- are considered nonoperating revenues.

The decrease in tuition and fees for the current year was a direct result of the discontinuance of the Elderhostel program in December 2007. Property tax increases were credited to the continued growth in the assessed valuation. Government grants and contracts increased from the prior year due to more Pell grants being awarded and a multiple year nursing grant received from the Arizona Department of Commerce. The slight increase in state aid was a result of increased full-time student equivalent (FTSE) enrollment. The decrease in investment earnings was related to lower interest rates. The increase in other nonoperating revenues was a result of contributions made by Freeport-McMoRan covering a portion of the start-up costs to begin the new Mining Technology Program.

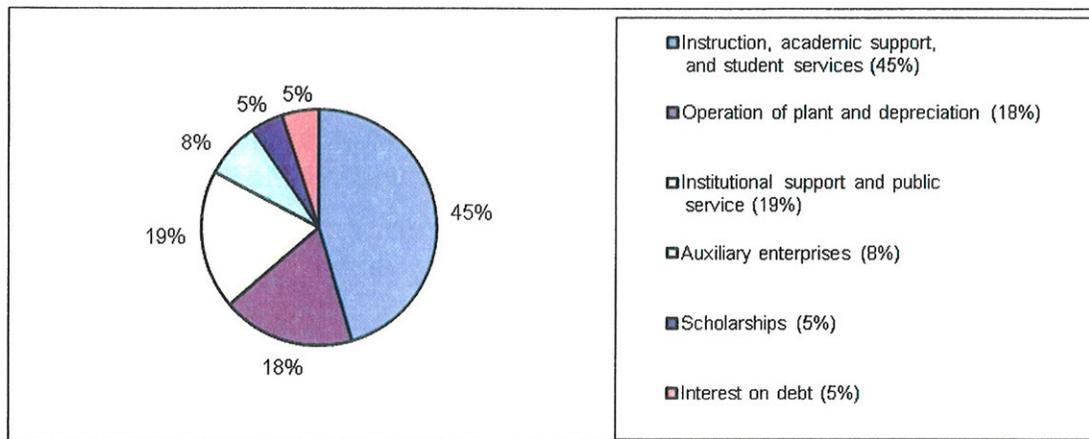
#### Revenues by Source Fiscal Year 2008



Depreciation expense is recorded in accordance with the adoption of the full accrual basis of accounting. The construction and acquisition of capital assets, although budgeted and tracked as an expenditure in the accounting system, is not reflected as an expense in these statements. Such transactions are reported as an asset with the systematic allocation of such costs expensed over the useful life of the asset constructed or acquired.

Overall, expenses increased over the previous fiscal year by \$1,440,511. Increases in instruction, public service, academic support, student services and institutional support operating expenses were in the area of personal services due to raises and higher health insurance costs. In addition, the opening of the FEC contributed to the increase in expenses for the student services area. The decrease in operation and maintenance of plant was attributed to a reduction in master plan project related expenditures. The decrease in auxiliary enterprises expenses was primarily a result of the discontinuance of the Elderhostel program in December 2007.

### Expenses by Function Fiscal Year 2008



### Capital Assets and Debt Management

The District completed the renovation of the recently purchased Career & Technical Education Center which is being used to house the District's Automotive Technology, Gunsmithing, Welding and Mining Technology programs. A combination of the District's cash reserves, lease purchase proceeds, and a contribution from Freeport- McMoRan was used to complete the renovations.

The Yavapai College Foundation officially transferred ownership of the Del E. Webb Family Enrichment Center, with all of its furniture, fixtures, equipment and supplies, to the District in September 2007. In December 2007 the District acquired a parcel of land in the Town of Prescott Valley to be used for future development. A private party donated 50% of the value of the property and the remainder of the purchase price was paid from the Future Capital Projects Accumulation Fund.

Equipment, along with all other capital assets (except land and construction in progress), is reported net of accumulated depreciation in accordance with the reporting standards issued by GASB. This has the effect of reducing the book value of capital assets. Depreciation totaled \$4,009,537 for the year and is shown as an operating expense on the Statement of Revenues, Expenses, and Changes in Net Assets. Additional information on the District's capital assets can be found in Note 5 to the basic financial statements.

The District's general obligation bond debt issues are rated Aaa by Moody's Investors Service and AAA by Standard & Poors. The District's revenue bond debt issue was recently upgraded from BBB to A- by Standard & Poors as a result of continued growth in the District's underlining economy, sustained operating surpluses and a limited pledge of tuition, fees and auxiliary revenues. These ratings indicate the high quality and strong credit attributes of the District's obligations. During the fiscal year, there have been no changes in credit ratings or debt limitations that may affect future financing for the District.

No new bonds were issued during the fiscal year ended June 30, 2008. Additional information on the District's outstanding debt can be found in Note 6 to the basic financial statements.

Bonds outstanding at June 30, 2008, were as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
<b>General obligation bonds</b>				
Project of 2001-Series A	\$25,955,000	7/1/09-22	4.13-4.75%	\$12,800,000
Project of 2001-Series B	25,000,000	7/1/09-24	3.25-4.75%	20,850,000
Project of 2001-Series C	19,500,000	7/1/09-25	3.50-5.00%	18,470,000
Series 2003-Refunding	5,175,000	7/1/09-11	3.00-3.75%	1,390,000
<b>Revenue bonds</b>				
Series 1993	2,500,000	7/1/09-12	6.00%	965,000

The implementation of the \$69.5 million voter-approved Master Plan Project of 2001 is in its final stages. Most of the Master Plan related construction projects on the Prescott, Verde Valley and Chino Valley campuses have been completed. The remaining bond proceeds will be used to expand the District's services in Prescott Valley, Sedona and Cordes Junction.

## **Request for Information**

This discussion and analysis is designed to provide a general overview of the finances for the Yavapai County Community College District to all those with an interest in such matters. Questions concerning any of the information provided in this Comprehensive Annual Financial Report or requests for additional financial information should be addressed to the Office of Business Services, Yavapai College, 1100 East Sheldon Street, Prescott, AZ 86301.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Statement of Net Assets - Primary Government  
June 30, 2008

ASSETS:	Business Type Activities
<b>Current assets:</b>	
Cash and cash equivalents	\$ 15,576,547
Receivables (net of allowances for uncollectibles)	
Property taxes	1,198,664
Government grants and contracts	695,763
Student loans, current portion	123,780
Other	291,595
Prepaid expenses	184,679
Total current assets	18,071,028
<b>Noncurrent assets:</b>	
Restricted assets:	
Cash and cash equivalents	3,969,725
Cash and cash equivalents held by trustee	434,952
Property taxes (net of allowances for uncollectibles)	197,250
Student loans receivable (net of allowance for uncollectibles)	187,459
Other receivables	6,530
Capital assets, not being depreciated	5,717,462
Capital assets, being depreciated, net	92,774,542
Total noncurrent assets	103,287,920
Total assets	121,358,948
<b>LIABILITIES:</b>	
<b>Current liabilities:</b>	
Accounts payable	1,138,047
Accrued payroll and employee benefits	1,205,066
Interest payable	28,950
Deposits held in custody for others	150,323
Deferred revenues	450,174
Dormitory deposits	49,800
Current portion of compensated absences payable	121,701
Current portion of long-term debt	5,018,533
Current portion of other long-term liabilities	38,232
Total current liabilities	8,200,826
<b>Noncurrent liabilities:</b>	
Compensated absences payable	889,166
Long-term debt	60,408,581
Other	166,539
Total noncurrent liabilities	61,464,286
Total liabilities	69,665,112
<b>NET ASSETS:</b>	
Invested in capital assets, net of related debt	40,432,861
Restricted:	
Nonexpendable:	
Student loans	559,175
Expendable:	
Grants and contracts	264,279
Debt service	907,674
Unrestricted	9,529,847
Total net assets	\$ 51,693,836

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT**  
**(YAVAPAI COLLEGE)**  
**Statement of Financial Position - Component Unit**  
**June 30, 2008**

	<b>Yavapai College Foundation</b>
<b>ASSETS:</b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 878,136
Restricted cash and cash equivalents	529,982
Restricted investments	2,552,301
Unrestricted investments	77,999
Unconditional promises to give, net of unamortized discount	4,723
Prepaid expenses	258
Total current assets	4,043,399
<b>Other assets:</b>	
Works of art and historical treasures	63,500
Property and equipment, at cost, net of accumulated depreciation	444,285
Educational construction project (land and home)	177,212
Endowment investments	4,717,202
Total other assets	5,402,199
Total assets	\$ 9,445,598
<b>LIABILITIES:</b>	
<b>Current liabilities:</b>	
Accounts payable and accrued expenses	\$ 68,227
Payable to Yavapai College	90,503
Scholarships payable	194,506
Deferred revenue	99,479
Current portion of capital lease	17,797
Total current liabilities	470,512
<b>Long-term liabilities:</b>	
Capital lease, less current portion	35,808
Total liabilities	506,320
<b>NET ASSETS:</b>	
Unrestricted	1,540,086
Temporarily restricted	2,681,990
Permanently restricted	4,717,202
Total net assets	8,939,278
Total liabilities and net assets	\$ 9,445,598

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Statement of Revenues, Expenses, and Changes in Net Assets - Primary Government  
For the Fiscal Year Ended June 30, 2008**

	<b>Business Type Activities</b>
<b>Operating revenues:</b>	
Tuition and fees (net of scholarship allowances of \$1,928,674)	\$ 6,402,070
Bookstore sales	127,202
Food service income	196,719
Dormitory rentals (net of scholarship allowances of \$350,242)	308,994
Other	883,519
Total operating revenues	<u>7,918,504</u>
<b>Operating expenses:</b>	
Educational and general:	
Instruction	16,216,739
Public service	482,123
Academic support	3,550,891
Student services	4,423,089
Institutional support	9,680,826
Operation and maintenance of plant	5,699,368
Scholarships	2,385,237
Auxiliary enterprises	4,087,342
Depreciation	4,009,537
Total operating expenses	<u>50,535,152</u>
Operating loss	(42,616,648)
<b>Nonoperating revenues(expenses):</b>	
Property taxes	38,126,821
Government grants and contracts	5,567,413
State appropriations	4,820,400
Share of state sales taxes	645,345
Private gifts	1,036,345
Investment earnings	726,726
Interest expense on debt	(2,726,727)
Total nonoperating revenues	<u>48,196,323</u>
Income before other revenues, expenses, gains or losses	5,579,675
Capital appropriations	703,900
Capital grants and gifts	2,798,621
Increase in net assets	<u>9,082,196</u>
Total net assets - July 1, 2007	42,611,640
Total net assets - June 30, 2008	<u>\$ 51,693,836</u>

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)**

**Statement of Activities - Component Unit  
For the Fiscal Year Ended June 30, 2008**

	<b>Yavapai College Foundation</b>
<b>SUPPORT and REVENUES:</b>	
<b>Support:</b>	
Contributions	\$ 146,491
Roughrider Club	21,332
Friends of Yavapai College Art	30,740
Greater Verde Valley Chapter	3,910
Total support	202,473
<b>Revenue:</b>	
Rental income	105,600
Program service revenue	73,004
Miscellaneous income	78
Investment income	31,539
Unrealized loss on investments	(3,528)
Total revenue	206,693
Total support and revenue	409,166
Net assets released from restrictions	1,515,292
Total unrestricted support and net assets released from restrictions	1,924,458
<b>EXPENSES:</b>	
<b>Program expenses:</b>	
Scholarships	234,069
Community events	907,802
LeGate	6,681
Friends of Yavapai College Art	54,372
Roughrider Club	48,955
Support for PACE	65,260
Sunderman Foundation	17,341
Greater Verde Valley Chapter	445
Aristotelian Logic	10,522
Gerontology	105,460
Other Programs	2,113,611
Total program expenses	3,564,518
Depreciation of rental property	15,824
Management and general	206,511
Fundraising	13,546
Total expenses	3,800,399
Decrease in unrestricted net assets	(1,875,941)
<b>Temporarily Restricted Net Assets:</b>	
Temporarily restricted contributions	248,700
Community Events sales	903,161
Investment income	286,182
Net unrealized losses	(326,572)
Distribution of Sunderman Foundation assets	(260,469)
Transfers to permanently restricted assets	(464,159)
Assets released from restrictions	(1,515,292)
Decrease in temporarily restricted net assets	(1,128,449)
<b>Permanently Restricted Net Assets:</b>	
Endowment funds contributions	832,299
Transfers from Temporarily Restricted Assets	464,159
Increase in permanently restricted net assets	1,296,458
<b>Decrease in net assets:</b>	
Net assets - beginning of year	10,647,210
Net assets - end of year	\$ 8,939,278

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Statement of Cash Flows - Primary Government  
For the Fiscal Year Ended June 30, 2008**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	<b>Business Type Activities</b>
Tuition and fees	\$ 6,035,174
Bookstore receipts	127,202
Food services receipts	196,719
Dormitory rentals	308,994
Collection of loans to students	48,802
Other receipts	983,377
Payments to suppliers and providers of goods and services	(12,362,985)
Payments to employees	(31,075,202)
Loans issued to students	(42,115)
Scholarship payments to students	(2,385,237)
Net cash used for operating activities	(38,165,271)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Property taxes	37,795,032
Grants and contracts	5,394,947
State appropriations	4,820,400
Share of state sales taxes	645,345
Private gifts	999,579
Federal direct lending receipts	2,118,074
Federal direct lending disbursements	(2,111,093)
Deposits held in custody receipts	466,785
Deposits held in custody payments	(416,593)
Net cash provided by noncapital financing activities	49,712,476
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Capital appropriations	703,900
Proceeds from issuance of capital debt	4,323,000
Proceeds from sale of capital assets	1,232
Principal paid on capital debt	(4,534,978)
Interest paid on capital debt	(2,748,667)
Purchases of capital assets	(7,346,469)
Net cash used for capital and related financing activities	(9,601,982)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest received on investments	726,726
Net cash provided by investing activities	726,726
Net increase in cash and cash equivalents	2,671,949
Cash and cash equivalents, July 1, 2007	17,309,275
Cash and cash equivalents, June 30, 2008	\$ 19,981,224
	(Continued)

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT**  
**(YAVAPAI COLLEGE)**  
**Statement of Cash Flows - Primary Government**  
**For the Fiscal Year Ended June 30, 2008**  
**(Continued)**

Reconciliation of operating loss to net cash used for operating activities:	Business Type Activities
Operating loss	\$ (42,616,648)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation expense	4,009,537
Provision for uncollectible accounts	(10,517)
Changes in assets and liabilities:	
Decrease in other receivables	15,521
Increase in prepaid expenses	(21,458)
Decrease in student loans receivable	7,118
Increase in accrued payroll and employee benefits	256,466
Decrease in compensated absences payable	(66,475)
Decrease in deferred revenues	(231,687)
Increase in accounts payable	437,020
Increase in other liabilities	59,452
Decrease in dormitory deposits	(3,600)
Net cash used for operating activities	\$ (38,165,271)

**Noncash investing, capital, and noncapital financing activities:**

Gifts of depreciable and non-depreciable assets. The District recorded the receipt of depreciable and non-depreciable assets of \$2,798,621.

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2008**

**Note 1 - Summary of Significant Accounting Policies**

The accounting policies of the Yavapai County Community College District (the 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).

For the year ended June 30, 2008, the District implemented the provisions of GASB Statement No(s). 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*; 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*; and 50, *Pension Disclosures (an amendment of GASB Statements No. 25 and No. 27)*. GASB Statement No. 45 establishes governmental employer accounting and financial reporting requirements for postemployment benefits other than pensions. GASB Statement No. 48 establishes note disclosure requirements for governments that pledge future revenues as security for its debt. GASB Statement No. 50 amends GASB Statement Nos. 25 and 27 to require governmental employers to present certain additional pension disclosures in the notes.

**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 Yavapai College Foundation.

The Yavapai College Foundation (the Foundation) is a legally separate, tax-exempt organization, formed in the State of Arizona in 1971. The Board of Directors for the Foundation are elected from the general membership at the annual meeting. The term of office for each board member is three years with overlapping terms. 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 capital contributions. Beginning in November 2006, the Foundation also began receiving revenue from and making specified payments for the District's Community Events Program which provides a variety of theatrical and musical productions for the community. Although the District does not control the timing or amount of receipts from the Foundation, the Foundation's restricted resources can only be used 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 statements for not-for-profit organizations. As such, certain

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2008**

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 statements of financial position and activities are included in the District's financial statements as required by generally accepted accounting principles for public colleges and universities. The Foundation has a June 30 year end.

During the year ended June 30, 2008, the Foundation gifted property and funds in the amount of \$2,261,694 to or on behalf of the District for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Yavapai College Foundation, 1100 East Sheldon Street, Prescott, Arizona 86301.

**B. Basis of Presentation and Accounting**

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

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 federal contributions for the Federal Perkins Loan Program, 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, bookstore, food service, and residence hall charges are considered to be operating revenues. Other revenues, such as property taxes, educational grants and state appropriations, are not generated from exchange transactions and are considered to be nonoperating revenues. Operating expenses include the costs of sales and services, administrative expenses, and depreciation on

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2008**

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

The financial statements are presented 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 in 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.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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.

**C. Cash and Investments**

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

**D. Capital Assets**

Capital assets are reported at actual cost. 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

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2008**

capital assets reported in the financial statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$5,000	None	n/a
Buildings	5,000	Straight line	40 years
Improvements other than buildings	5,000	Straight line	15 years
Equipment	5,000	Straight line	5 years
Library books	1	Straight line	10 years

**E. Investment Earnings**

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

**F. Compensated Absences**

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

Employees may accumulate up to twice their annual entitlement amount of vacation. Annual leave balances remaining when employees separate from service are paid and therefore are accrued as a liability in the financial statements. Generally, sick leave benefits provide for ordinary sick pay and are cumulative. They do not vest with employees and, therefore, are not accrued. However, for employees who have at least 15 years of service with the District, and are eligible for retirement under the standards set by the Arizona State Retirement System, sick leave benefits do vest, and they may receive payment for up to 70 days of accumulated sick leave at \$60 a day. Accordingly, these benefits are accrued as a liability in the financial statements.

**G. 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 behalf of the student. 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 and dormitory rental revenues in the statement of revenues, expenses, and changes in net assets.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2008**

**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 the property of another 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.

The District does not have a formal investment policy with respect to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for investments.

**Deposits** – At June 30, 2008, the carrying amount of the District's deposits was \$2,411,190, and the bank balance was \$3,571,136. At June 30, 2008, \$2,406,772 of the District's bank balance was uninsured and uncollateralized and \$960,703 was uninsured with collateral held by the pledging financial institution's trust department or agent but not in the District's name. The District does not have a formal policy with respect to custodial credit risk of deposits.

**Investments** – The District's investments at June 30, 2008 were as follows:

<u>Investment Type</u>	<u>Amount</u>
State Treasurer's investment pools	\$ 8,409,108
County Treasurer's investment pool	7,644,493
Repurchase agreement	1,075,231
Bond mutual fund	<u>434,952</u>
Total	<u>\$17,563,784</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.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2008**

**Credit risk** – At June 30, 2008, credit risk for the District’s investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
State Treasurer’s investment pools	Unrated	Not applicable	\$ 8,409,108
County Treasurer’s investment pool	Unrated	Not applicable	7,644,493
Underlying securities for a repurchase agreement	AAA	S & P	1,075,231
Bond mutual fund	Unrated	Not applicable	<u>434,952</u>
Total			<u>\$17,563,784</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. At June 30, 2008, the District had \$434,952 of investments in a bond mutual fund that were uninsured and held by a counterparty not in the District’s name.

**Concentration of Credit Risk** – The District had an investment at June 30, 2008, of 5 percent or more in a repurchase agreement with Wells Fargo Bank. This investment was 6.1% of the District’s total investments.

**Interest rate risk** – At June 30, 2008, the District had the following investments in debt securities:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (Months)</u>
State Treasurer’s investment pool 7	\$ 8,409,108	.8
County Treasurer’s investment pool	7,644,493	3.8
Repurchase agreement	1,075,231	.1
Bond mutual fund	<u>434,952</u>	Not available
Total	<u>\$17,563,784</u>	

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

<u>Cash, Deposits, and Investments:</u>	<u>Amount</u>	<u>Statement of Net Assets:</u>	<u>Amount</u>
Cash on hand	\$ 6,250	Cash and cash equivalents	\$15,576,547
Deposits	2,411,190	Restricted assets:	
Investments	17,563,784	Cash and cash equivalents	3,969,725
		Cash and cash equivalents held by trustee	<u>434,952</u>
Total	<u>\$19,981,224</u>	Total	<u>\$19,981,224</u>

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**Note 3 - Receivables**

A summary of receivables and the related allowances for uncollectibles follows:

<u>Receivables</u>	<u>Gross Receivable</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivable</u>
Property taxes			
Current	\$1,257,854	\$(59,190)	\$1,198,664
Noncurrent	204,128	(6,878)	197,250
Student loans			
Current	154,508	(30,728)	123,780
Noncurrent	233,996	(46,537)	187,459
Other-current	386,218	(94,623)	291,595

**Property Taxes Receivable** - The Yavapai County Treasurer is responsible for collecting property taxes for all governmental entities within the County. In August of each year, the County levies the property taxes due the District. Two equal installments, payable in October and March, become delinquent after the first business day in November and May. A lien assessed against real and personal property attaches on the first day of January preceding the assessment and levy. Delinquent taxes are subject to a penalty of 16% per annum.

**Note 4 - Restricted Assets**

Restricted cash and cash equivalents consist of \$922,529 that relate to unspent general obligation bond proceeds which are limited in use by bond covenants, \$2,506,772 of lease purchase proceeds to be used to purchase and implement the ERP software system, and \$540,424 of secondary assessed tax proceeds to be used exclusively for debt service.

Cash and cash equivalents held by trustee of \$434,952 relate to a sinking fund required by revenue bond covenants as well as amounts set aside for repayment of bond principal and interest. As a result, these funds are restricted on the Statement of Net Assets.

Property taxes receivables of \$197,250 are restricted on the Statement of Net Assets because these funds are to be used solely for the retirement of general obligation bonds.

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**Note 5 – Capital Assets**

Capital asset activity for the year ended June 30, 2008, was as follows:

	Balance <u>July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclassification</u>	Balance <u>June 30, 2008</u>
<b>Capital assets not being depreciated:</b>					
Land	\$ 1,975,535	\$ 1,621,506	-	-	\$ 3,597,041
ERP software system – in progress	-	1,286,076	-	-	1,286,076
Construction in progress	<u>12,239</u>	<u>823,556</u>	<u>-</u>	<u>\$ (1,450)</u>	<u>834,345</u>
Total capital assets not being depreciated	<u>1,987,774</u>	<u>3,731,138</u>	<u>-</u>	<u>(1,450)</u>	<u>5,717,462</u>
<b>Capital assets being depreciated:</b>					
Buildings	93,591,763	4,530,137	-	1,450	98,123,350
Improvements other than buildings	14,231,150	375,908	-	-	14,607,058
Equipment	6,773,744	1,333,938	\$180,321	-	7,927,361
Library books	<u>2,762,515</u>	<u>191,228</u>	<u>36,987</u>	<u>-</u>	<u>2,916,756</u>
Total capital assets being depreciated	<u>117,359,172</u>	<u>6,431,211</u>	<u>217,308</u>	<u>1,450</u>	<u>123,574,525</u>
Less accumulated depreciation for:					
Buildings	15,937,644	2,340,038	-	-	18,277,682
Improvements other than buildings	3,928,824	822,823	-	-	4,751,647
Equipment	5,164,199	714,816	179,204	-	5,699,811
Library books	<u>1,975,970</u>	<u>131,859</u>	<u>36,986</u>	<u>-</u>	<u>2,070,843</u>
Total accumulated depreciation	<u>27,006,637</u>	<u>4,009,536</u>	<u>216,190</u>	<u>-</u>	<u>30,799,983</u>
Total capital assets being depreciated, net	<u>90,352,535</u>	<u>2,421,675</u>	<u>1,118</u>	<u>1,450</u>	<u>92,774,542</u>
<b>Capital assets, net</b>	<u>\$92,340,309</u>	<u>\$ 6,152,813</u>	<u>\$ 1,118</u>	<u>\$ -</u>	<u>\$98,492,004</u>

The District has an intergovernmental agreement with the Town of Prescott Valley to pay for a portion of a joint use facility which is currently being constructed. The District will own a 20.45% condominium interest in the property upon completion. At year end, the District's commitment with the Town of Prescott Valley is as follows:

<u>Project</u>	<u>Costs-to-date Including Capitalized Interest</u>	<u>Remaining Commitment</u>
Prescott Valley Joint Use Facility	\$823,557	\$2,995,956

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**Note 6 - Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2008, was as follows:

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2008</u>	<u>Due within one year</u>
Compensated absences payable	\$1,077,342	\$766,686	\$833,161	\$1,010,867	\$121,701
Other	145,319	94,535	35,083	204,771	38,232
Total	<u>\$1,222,661</u>	<u>\$861,221</u>	<u>\$868,244</u>	<u>\$1,215,638</u>	<u>\$159,933</u>
Bonds payable:					
General obligation bonds	\$56,425,000	-	\$2,915,000	\$53,510,000	\$3,040,000
Revenue bonds	1,125,000	-	160,000	965,000	170,000
Total bonds payable	57,550,000	-	3,075,000	54,475,000	3,210,000
Capital leases payable	8,089,092	\$4,323,000	1,459,978	10,952,114	1,808,533
Total long-term debt	<u>\$65,639,092</u>	<u>\$4,323,000</u>	<u>\$4,534,978</u>	<u>\$65,427,114</u>	<u>\$5,018,533</u>

**Bonds** – The District’s bonded debt consists of various issues of general obligation and revenue bonds that are generally callable with interest payable semiannually. Bond proceeds primarily pay for acquiring or constructing capital facilities, remodeling existing facilities, furnishing buildings and facilities and purchasing land adjacent to existing facilities. Bonds have also been issued to advance-refund previously issued bonds. The District repays general obligation bonds from voter-approved property taxes. Revenue bonds are repaid from tuition, fees, rentals, and other charges to students, faculty, and others. The original amounts of general obligation and revenue bonds outstanding at year-end and issued in prior years were \$75,630,000 and \$2,500,000, respectively.

The Series A \$25,955,000 general obligation bond issue, the Series B \$25,000,000 general obligation bond issue, and the Series C \$19,500,000 general obligation bond issues are subject to the federal tax code arbitrage requirements. Excess earnings resulting from arbitrage will be rebated to the federal government. The District’s general obligation bond legal debt limit is 15% of the secondary assessed value of real and personal property within Yavapai County. The District’s total general obligation bond debt capacity was \$427,958,960 as of June 30, 2008. Of this amount, the District has \$53,510,000 in general obligation bond debt applicable to the debt limit, leaving a legal debt margin of \$374,448,960.

The District has pledged future tuition, fees, and dormitory rentals to repay \$2,500,000 in revenue bonds issued in March 1993 to construct a residence hall. The bonds are payable solely from student tuition, fees and dormitory rentals and are payable through 2012. Annual principal and interest payments on the bonds are expected to require less than 4% of tuition, fees, and dormitory rentals. For the current year, principal and interest paid from tuition, fees, and dormitory rentals were

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June 30, 2008**

\$160,000 and \$62,580, respectively. A sinking fund of \$231,900, as required by the revenue bond resolution, is reported in the noncurrent assets section of the Statement of Net Assets.

Bonds outstanding at June 30, 2008, were as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
<b>General obligation bonds</b>				
Project of 2001-Series A	\$25,955,000	7/1/09-22	4.13-4.75%	\$12,800,000
Project of 2001-Series B	25,000,000	7/1/09-24	3.25-4.75%	20,850,000
Project of 2001-Series C	19,500,000	7/1/09-25	3.50-5.00%	18,470,000
Series 2003-Refunding	5,175,000	7/1/09-11	3.00-3.75%	1,390,000
<b>Revenue bonds</b>				
Series 1993	2,500,000	7/1/09-12	6.00%	965,000

The following schedule details debt service requirements to maturity for the District's bonds payable at June 30, 2008:

	<u>General Obligation Bonds</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Year Ending June 30,				
2009	\$ 3,040,000	\$ 2,187,884	\$ 170,000	\$ 52,800
2010	3,160,000	2,067,832	180,000	42,300
2011	3,300,000	1,935,677	195,000	31,050
2012	3,450,000	1,796,926	205,000	19,050
2013	3,600,000	1,653,051	215,000	6,450
2014 - 18	20,515,000	5,764,486	-	-
2019 - 23	14,955,000	1,786,553	-	-
2024 - 25	1,490,000	67,050	-	-
Total	<u>\$53,510,000</u>	<u>\$17,259,459</u>	<u>\$ 965,000</u>	<u>\$151,650</u>

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for these defeased bonds are not included in the District's financial statements. The following schedule details all general obligation bonds considered defeased at June 30, 2008:

<u>Description</u>	<u>Amount</u>
General Obligation Bonds Project of 1988-Series B	\$1,275,000

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June 30, 2008**

**Capital Leases** - The District has acquired the Career & Technical Education building and various items of machinery, furniture and equipment, including software, under the provisions of long-term lease agreements classified as capital leases for accounting purposes because they provide for a bargain purchase option or a transfer of ownership by the end of the lease term. The capitalized assets acquired through capital leases at June 30, 2008 are as follows:

<b>Building &amp; Equipment</b>	\$7,677,879
Less: accumulated depreciation	<u>484,868</u>
<b>Carrying value</b>	<u><b>\$7,193,011</b></u>

The determination of whether equipment acquired under capital leases is capitalized is based upon the capitalization thresholds specified in Note 1 - D. Accordingly, the District owns an additional \$3,689,101 of equipment acquired through capital leases which is not capitalized and therefore not subject to depreciation.

The following schedule details debt service requirements to maturity for the District's capital leases payable at June 30, 2008.

Year ending June 30,	
2009	\$2,223,000
2010	2,003,634
2011	1,760,168
2012	1,602,746
2013	1,018,078
2014-2018	2,628,392
2019-2022	<u>,971,294</u>
Total minimum lease payments	13,207,312
Less amount representing interest	<u>2,255,198</u>
Present value of net minimum lease payments	<u><b>\$10,952,114</b></u>

**Note 7 - Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all such risks of loss, including workers' compensation and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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In addition, the District purchases health care insurance from the Yavapai Combined Trust, a public entity risk pool formed to provide health care benefits to employees of participating governmental units. The Trust is funded by irrevocable contributions from the District for employee coverage and from employees for dependent coverage. The District's contributions are reported as expenses in the financial statements. The Trust provides coverage for claims up to \$175,000 for each insured's health claims, not to exceed a maximum aggregate attachment point of \$21,892,779. The Trust purchases commercial insurance coverage for claims in excess of these limits. Settled claims did not exceed the aggregate attachment point for the fiscal year ended June 30, 2008. The District is not liable for claims in excess of coverage limits and cannot be assessed supplemental premiums. The Trust's assets are managed by a separate board of directors.

**Note 8 – Pension and Other Postemployment Benefits**

**Defined Benefit Plan**

**Plan Description** - 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 System). The 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.

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, P.O. Box 33910, Phoenix, AZ 85067-3910 or by calling (602) 240-2000 or (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, 2008, active plan members were required by statute to contribute at the actuarially-determined rate of 9.6 percent (9.1 percent retirement and 0.5 percent long-term disability) of the members' annual covered payroll and the District was required by statute to contribute at the actuarially-determined rate of 9.6 percent (8.05 percent for retirement, 1.05 percent for health insurance premium, and 0.5 percent long-term disability) of the members' annual covered payroll.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
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June 30, 2008**

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

<b>Years ended June 30,</b>	<b><u>Retirement Fund</u></b>	<b><u>Health Benefit Supplement Fund</u></b>	<b><u>Long-Term Disability Fund</u></b>
2008	\$1,195,724	\$156,007	\$74,296
2007	1,039,017	144,513	68,750
2006	724,563	141,902	62,820

**Defined Contribution Plans**

**Plan Description** - In accordance with A.R.S. §15-1451, District faculty, service professionals, and administrative staff have the option of participating in defined contribution pension plans instead of the Arizona State Retirement System. These plans are administered by independent insurance and annuity companies. Beginning in fiscal year 1998-99, the District offered defined contribution plans by Teachers Insurance Annuity Association/College Retirement Equities Fund (TIAA/CREF), Variable Annuity Life Insurance Company (VALIC), and ING Life Insurance and Annuity Company (ING). Benefits under these plans depend solely on the contributed amounts and the returns earned on the investment of those contributions. Contributions made by employees vest immediately, and District contributions vest after three years of full-time employment. Employee and District contributions and associated returns earned on investments may be withdrawn starting upon termination of employment, death, or retirement. The distribution of employee and District contributions and associated investment earnings are made in accordance with the employee's contract with the applicable insurance and annuity company.

**Funding Policy** - The Arizona State Legislature allows the District to establish contribution rates each year, not to exceed seven percent of the member's covered payroll. For the year ended June 30, 2008, the District contributed at the rate of 7.0 percent of the member's annual covered payroll. Employees contributed 7.0 percent of covered payroll. Contributions to these plans for the year ended June 30, 2008, were as follows:

<b><u>Plan</u></b>	<b><u>Contribution Rate</u></b>	<b><u>District Contributions</u></b>	<b><u>Employee Contributions</u></b>	<b><u>Total Contributions</u></b>
TIAA/CREF	7.0%	\$265,239	\$265,239	\$530,478
VALIC	7.0%	52,885	52,885	105,770
ING	7.0%	44,772	44,772	89,544

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2008**

**Note 9 – 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	\$31,254,330
Contract services	3,177,107
Supplies and other services	4,174,131
Communications and utilities	2,522,407
Scholarships	2,385,237
Depreciation	4,009,537
Other	3,012,403
Total	<u>\$50,535,152</u>

**Note 10 – Subsequent Event**

On November 11, 2008, the District entered into an agreement with the Town of Chino Valley ("Chino Valley") to exchange its Highway 89 Property, valued at \$1,500,000, for Chino Valley's Old Home Manor Property, valued at an equal amount. This real property transfer will include all rights, privileges and easements appurtenant to the properties, including, without limitation, all buildings, structures and improvements. As part of the exchange, the District has agreed to pay the Town of Chino Valley \$55,000 at the close of escrow to cover certain repairs to the Highway 89 Property.

**Note 11 – Discretely Presented Component Unit Disclosure**

**A. – Nature of Activities and Summary of Significant Accounting Policies**

**Organization and Nature of Activities**

Yavapai College Foundation ("Foundation") is a not-for-profit corporation formed in the State of Arizona in 1971. The Foundation's mission is to support Yavapai College ("College") objectives and activities through resource development and to promote community awareness of the College and its programs. As a private, community-based, nonprofit organization, the Foundation is fiscally and organizationally separate from the College.

The major activities of the Foundation include providing scholarships to Yavapai College students, providing capital additions to Yavapai College, and providing financial resources for academic and vocational programs at Yavapai College. Resources to fund these activities are provided mainly from investment income,

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2008**

contributions, grants, rents, and profits from the sale of homes built by the Yavapai College Construction Technology Program.

The bylaws of the Foundation allow for the creation of auxiliaries when a group of people demonstrate a need, provide the organization, and desire to support the Foundation mission in a particular area of interest. The Foundation has three auxiliaries: FRIENDS of Yavapai College Art ("FRIENDS"), The Roughrider Club ("RRC"), and the Performing Arts Charitable Endowment ("PACE").

The purpose of FRIENDS is to assist Yavapai College Art Department programs, including the Art Gallery functions and Sculpture Garden, as a cultural benefit to the students of the College and to the community at large. FRIENDS raises money through memberships, solicitation of donations, and other fundraising events.

The mission of Roughrider Club is to provide support to the Yavapai College Intercollegiate Athletics Program through fundraising and promotional activities. The RRC raises money primarily through memberships. It uses the money to pay expenses related to the athletics program not covered by the regular athletic budget. These expenses include the purchase of championship rings, contributions toward capital items such as the baseball building and baseball scoreboard, and certain transportation expenses.

The purpose of the Performing Arts Charitable Endowment (PACE) is to support Yavapai College Community Events' ability to maintain affordable ticket prices and offer high caliber entertainment to more than 140,000 patrons each year. PACE also supports the Artists in Residence Program, which brings artistic programs to Yavapai County students and special-needs audiences.

The bylaws of the Foundation also allow for the creation of chapters when a group of people in a specified geographic area demonstrate a need, provide the organization, and desire to support the Foundation mission. The Foundation has one chapter in the Verde Valley area.

The accounting policies of the Foundation conform to generally accepted accounting principles. The following is a summary of the more significant policies.

**Accounting Basis and Estimates**

The financial statements of the Foundation are prepared on the accrual basis. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2008**

**Revenue Recognition**

The Foundation adopted Statement of Financial Accounting Standards (SFAS) No. 117, *“Financial Statements of Not-For-Profit Organizations.”* Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

The Foundation has also adopted SFAS No. 116, *“Accounting for Contributions Received and Contributions Made,”* whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restriction. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as assets released from restrictions.

The Foundation has also adopted SFAS No. 124, *“Accounting for Certain Investments Held by Not-For-Profit Organizations.”* Under SFAS No. 124, investments in marketable securities with readily determinable fair values are valued at their fair market values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

**Endowments**

The Foundation maintains significant endowments and temporarily restricted funds that are used for scholarships, support of certain academic and athletic programs at Yavapai College and support of entertainment programs held in the Yavapai College Performance Hall. Disbursements from investment earnings for these programs are determined by the Foundation Board of Directors based on recommendations from its advisory committees. The Scholarship committee makes recommendations to the Foundation Board of the amount and type of scholarships to be awarded each year. The PACE committee makes recommendations to the Foundation Board for the year’s allocation to Community Events programming. Investment income is used as the donor designates. In the absence of any donor designations, the Foundation’s practice is to use investment income according to the purpose of each endowment.

**B. – Cash and Investments**

The Foundation maintains several bank accounts at a local bank. Some of these accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2008**

\$100,000, and the balances in the bank accounts will exceed \$100,000 at times during the year. The remaining balances are held in money market accounts and are not covered under FDIC. At June 30, 2008, the Foundation had demand, savings and money market accounts as follows:

	<u>Amount</u>
Cash on hand	\$ 200
Checking, savings and money market accounts	
Unrestricted balances	877,936
Restricted balances	<u>529,982</u>
Total cash and cash equivalents	<u>\$1,408,118</u>

During the year-ended June 30, 2008, the Foundation transferred its investment accounts from American Funds to M&I Wealth Management. M&I was selected, after a rigorous review, to act as the Foundation's investment manager. Investments, stated at fair value, none of which are held for trading purposes, consist of the following at June 30, 2008:

	<u>Amount</u>
Balances by investment	
M&I Wealth Management pooled funds	\$ 7,284,211
Arizona Community Foundation endowment fund	<u>63,291</u>
Total	<u>\$ 7,347,502</u>
Balances by restriction	
Permanently restricted investments (Endowments)	\$ 4,717,202
Temporarily restricted investments (Current Assets)	2,552,301
Unrestricted investments	<u>77,999</u>
Total	<u>\$ 7,347,502</u>

**C. – Investment Return**

For the year ended June 30, 2008, the Foundation had investment returns as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Dividends, interest, and other gains	\$ 31,539	\$ 286,182
Net unrealized gains (losses)	<u>(3,528)</u>	<u>(326,572)</u>
Total	<u>\$ 28,011</u>	<u>\$ (40,390)</u>

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2008**

**D. – Temporarily Restricted Net Assets**

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

Purpose restriction accomplished:	<u>Amount</u>
Support for College programs and scholarships	<u>\$1,515,292</u>
Total restrictions released	<u>\$1,515,292</u>

Temporarily restricted net assets of \$2,681,990 have been set aside for scholarships and programs of Yavapai College at June 30, 2008.

STATISTICAL  
SECTION

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
NET ASSETS by COMPONENT  
Last Seven Fiscal Years

	2007/08	2006/07	2005/06 (2)	2004/05 (1)	2003/04	2002/03	2001/02
Invested in capital assets, net of related debt	\$40,432,861	\$33,700,448	\$30,615,411	\$26,666,133	\$25,726,907	\$22,543,558	\$17,826,836
Restricted - expendable	1,171,953	1,493,545	1,193,320	3,417,689	2,621,323	1,792,072	2,039,017
Restricted - nonexpendable	559,175	553,992	554,901	542,806	556,339	582,022	622,759
Unrestricted	9,529,847	6,863,655	5,728,035	3,935,874	2,600,345	2,025,154	1,624,642
Total net assets	\$51,693,836	\$42,611,640	\$38,091,667	\$34,562,502	\$31,504,914	\$26,942,806	\$22,113,254

Source: Audited financial statements for the past seven fiscal years.

Note: Beginning in fiscal year 2001/02, the District implemented the reporting requirements of GASB statement No. 35. Since prior years financial information has not been restated, only the past seven fiscal years net assets by component are presented above.

Note 1: FY2004/05 amounts were restated in FY2005/06 to capitalize interest for assets constructed from the proceeds of bonds issued in accordance with the District's Master Plan.

Note 2: FY2005/06 amounts were reclassified between invested in capital assets - net of related debt, restricted - expendable and unrestricted to improve the classification of assets and liabilities within these categories. The fiscal years prior to FY05/06 have not been restated.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
CHANGES in NET ASSETS  
Last Seven Fiscal Years

	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02
<b>Operating expenses:</b>							
Educational and general:							
Instruction	\$ 16,216,739	\$ 15,175,652	\$ 14,063,388	\$ 13,501,501	\$ 12,118,617	\$ 11,642,200	\$ 11,601,616
Public service	482,123	469,694	427,283	536,325	645,631	529,506	536,281
Academic support	3,550,891	3,431,924	3,360,252	3,745,522	3,122,713	3,256,483	3,108,890
Student services	4,423,089	3,799,884	3,632,561	3,553,447	2,439,897	3,506,706	3,336,776
Institutional support	9,680,826	9,007,831	8,413,195	8,241,986	6,603,761	7,792,981	7,470,555
Operation and maintenance of plant	5,699,368	6,054,495	6,678,206	7,791,233	8,822,310	3,794,370	4,180,510
Scholarships	2,385,237	2,142,681	2,235,781	2,420,745	2,024,227	2,047,934	1,618,905
Auxiliary enterprises	4,087,342	5,735,654	5,928,988	4,755,382	5,709,607	5,593,274	6,253,473
Depreciation	4,009,537	3,524,995	2,648,059	2,073,464	1,715,650	1,602,905	1,499,182
Total operating expenses	50,535,152	49,342,810	47,387,713	46,619,605	43,202,413	39,766,359	39,606,188
<b>Operating revenues:</b>							
Tuition and fees pledged as security for revenue bonds	6,402,070	7,063,707	6,543,317	5,920,182	5,815,139	5,092,023	5,743,255
Bookstore sales	127,202	122,752	109,525	112,407	152,844	122,549	111,627
Food service sales pledged as security for revenue bonds	196,719	185,637	256,930	270,131	394,890	410,905	431,637
Dormitory rentals pledged as security for revenue bonds	308,994	253,497	289,668	262,246	323,650	317,225	326,812
Other	883,519	969,866	1,343,169	1,251,091	1,428,657	1,447,689	1,400,640
Total operating revenues	7,918,504	8,595,459	8,542,609	7,816,057	8,115,180	7,390,391	8,013,971
Operating loss	(42,616,648)	(40,747,351)	(38,845,104)	(38,803,548)	(35,087,233)	(32,375,968)	(31,592,217)
<b>Nonoperating revenues (expenses):</b>							
Property taxes	38,126,821	35,439,097	33,086,999	31,369,540	28,782,021	27,659,035	25,163,069
State appropriations	4,820,400	4,738,700	4,738,700	4,724,400	4,589,100	4,589,100	4,895,200
Government grants and contracts	5,567,413	4,965,960	4,705,133	4,967,630	5,677,475	5,121,854	4,262,416
Share of state sales taxes	645,345	661,207	527,127	505,338	483,665	457,449	409,676
Private gifts	1,036,345	258,992	358,063	297,474	251,758	71,519	31,900
Investment earnings	726,726	958,016	817,166	399,527	498,605	128,400	682,068
Interest expense on debt	(2,726,727)	(2,475,647)	(2,539,812)	(1,676,842)	(1,712,315)	(1,394,172)	(1,501,070)
Gain (loss) on disposal of capital assets	-	(2,911)	(6,007)	-	-	4,935	5,771
Total nonoperating revenues	48,196,323	44,543,414	41,687,369	40,587,067	38,570,309	36,638,120	33,949,030
Income before other revenues, expenses, gains or losses	5,579,675	3,796,063	2,842,265	1,783,519	3,483,076	4,262,152	2,356,813
Capital appropriations	703,900	678,500	686,900	683,800	567,400	567,400	605,900
Capital grants and gifts	2,798,621	45,410	-	-	28,977	-	5,867
Increase in net assets	\$ 9,082,196	\$ 4,519,973	\$ 3,529,165	\$ 2,467,319	\$ 4,079,453	\$ 4,829,552	\$ 2,968,580

Source: Audited financial statements for the past seven fiscal years.

Note: Beginning in fiscal year 2001/02, the District implemented the reporting requirements of GASB statement No. 35. Since prior years financial information has not been restated, only the past seven fiscal years changes in net assets are presented above.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
EXPENDITURE LIMITATION  
STATUTORY LIMIT to BUDGETED EXPENDITURES  
Last Ten Fiscal Years

FISCAL YEAR	STATUTORY EXPENDITURE LIMITATION (1)	BUDGETED EXPENDITURES SUBJECT TO LIMITATION (2)	UNUSED LEGAL LIMIT (3)
1998/99	\$ 23,499,973	\$ 23,305,953	\$ 194,020
1999/00	24,703,216	24,703,215	1
2000/01	24,653,913	26,257,047	(1,603,134)
2001/02	26,177,568	27,410,674	(1,233,106)
2002/03	28,336,441	29,965,000	(1,628,559)
2003/04	30,888,344	29,769,557	1,118,787
2004/05	31,084,322	30,936,096	148,226
2005/06	29,756,503	29,756,502	1
2006/07	31,866,200	31,866,199	1
2007/08	35,640,999	35,640,998	1

Source: Audited Reports on Audit of Annual Budgeted Expenditure Limitation.

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

Note 2: Budgeted expenditures are net of allowable exclusions.

Note 3: The penalty for exceeding the expenditure limitation for fiscal years 2000-01 through 2002-03 was reduced to a maximum of a \$100 reduction in state aid by House Bill 2563, Laws 2000, Chapter 351.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
PROPERTY TAX LEVIES and COLLECTIONS  
Last Ten Fiscal Years

Fiscal Year	(1) Total Tax Levy	(2) Current Tax Collection	Percent of Current Tax Collections to Total Tax Levy	(2) Delinquent Tax Collections	(2) Total Tax Collections	Percent of Total Tax Collections to Total Tax Levy
1998/99	\$ 14,637,304	\$ 13,811,366	94.36%	\$ 723,762	\$ 14,535,128	99.30%
1999/00	15,983,219	15,185,729	95.01%	766,258	15,951,987	99.80%
2000/01	16,596,181	15,792,827	95.16%	690,636	16,483,463	99.32%
2001/02	25,228,424	23,985,546	95.07%	895,273	24,880,819	98.62%
2002/03	27,716,262	26,566,640	95.85%	1,019,845	27,586,485	99.53%
2003/04	28,748,709	27,766,489	96.58%	1,039,416	28,805,905	100.20%
2004/05	31,323,257	30,320,499	96.80%	1,071,005	31,391,504	100.22%
2005/06	33,058,979	32,138,159	97.21%	1,028,578	33,166,737	100.33%
2006/07	35,442,857	34,480,667	97.29%	825,402	35,306,069	99.61%
2007/08	38,171,659	36,874,670	96.60%	906,470	37,781,140	98.98%

Source: Yavapai County Treasurer's Office and District records.

Note 1: All amounts shown are for the General Fund only through fiscal year 2000-01. Thereafter, amounts are presented district-wide, in accordance with GASB Statement Number 35. In addition, amounts presented are the original levies, prior to any adjustments.

Note 2: Amounts collected are recorded on a cash basis.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 ASSESSED VALUE and ESTIMATED ACTUAL VALUE of TAXABLE PROPERTY  
 Last Ten Fiscal Years

Fiscal Year	Primary Assessed Value				Total Direct Tax Rate (1)	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
	Residential and Vacant Property	Commercial Property	Unattached Personal Property	Total Taxable Assessed Value			
1998/99	\$ 674,260,480	\$ 314,936,506	\$ 34,575,220	\$ 1,023,772,206	1.5689	\$ 7,855,389,589	13.03%
1999/00	734,948,155	324,692,176	37,490,738	1,097,131,069	1.6250	8,553,235,816	12.83%
2000/01	803,609,838	333,585,285	44,105,956	1,181,301,079	1.6205	9,312,109,194	12.69%
2001/02	879,814,468	357,398,601	43,737,336	1,280,950,405	1.9488	10,130,049,480	12.65%
2002/03	964,199,901	380,263,729	43,628,890	1,388,092,520	1.9789	11,032,555,067	12.58%
2003/04	1,055,971,160	415,043,260	45,792,997	1,516,807,417	1.8778	12,071,754,471	12.56%
2004/05	1,178,680,548	452,777,214	44,571,778	1,676,029,540	1.8514	13,416,406,081	12.49%
2005/06	1,322,060,791	506,417,682	49,368,952	1,877,847,425	1.7514	15,045,533,581	12.48%
2006/07	1,511,362,543	566,635,332	47,712,332	2,125,710,207	1.6573	17,098,083,909	12.43%
2007/08	1,754,125,017	664,163,807	51,977,047	2,470,265,871	1.5225	20,111,624,109	12.28%

Source: Yavapai County Assessor's Office.

Note: Property in the County is reassessed each year. Tax rates are per \$100 of assessed value.

Note 1: Includes both primary and secondary tax rates. See Property Tax Rates, Direct and Overlapping Governments schedule.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
PROPERTY TAX RATES, DIRECT and OVERLAPPING GOVERNMENTS  
Last Ten Fiscal Years (Per \$100 of Assessed Value)

Fiscal Year	Yavapai College	Yavapai County	Cities/Towns and Special Districts		School Districts	
			From	To	From	To
1998/99	1.4631(p)	2.2768(p)	.3822(p)	1.4973(p)	2.1831(p)	8.2203(p)
	.1058(s)	.4354(s)	.1463(s)	8.4556(s)	.2062(s)	2.1147(s)
1999/00	1.5294(p)	2.2374(p)	.3169(p)	1.5382(p)	2.3038(p)	7.3800(p)
	.0956(s)	.4452(s)	.1273(s)	5.0680(s)	.1853(s)	2.1583(s)
2000/01	1.5330(p)	2.1283(p)	.2906(p)	1.6280(p)	1.2996(p)	7.0338(p)
	.0875(s)	.4354(s)	.1475(s)	4.0624(s)	.2810(s)	2.1201(s)
2001/02	1.5325(p)	2.1040(p)	.2627(p)	1.5235(p)	.9900(p)	7.8089(p)
	.4163(s)	.4286(s)	.1482(s)	3.8269(s)	.3658(s)	2.2354(s)
2002/03	1.5835(p)	2.0961(p)	.2522(p)	1.1617(p)	2.1632(p)	6.6490(p)
	.3954(s)	.4297(s)	.4707(s)	.4707(s)	.7546(s)	2.0801(s)
2003/04	1.5672(p)	2.1525(p)	.2415(p)	1.2461(p)	.4839(p)	8.2795(p)
	.3106(s)	.4307(s)	.3235(s)	3.3000(s)	.2947(s)	2.5992(s)
2004/05	1.5626(p)	2.1568(p)	.2383(p)	1.1904(p)	1.2362(p)	8.2761(p)
	.2888(s)	.4069(s)	.2118(s)	3.3000(s)	.2857(s)	2.3333(s)
2005/06	1.4900(p)	1.7008(p)	.2245(p)	1.1134(p)	1.7992(p)	10.4246(p)
	.2614(s)	.4034(s)	.1894(s)	3.4285(s)	.2687(s)	1.9800(s)
2006/07	1.4308(p)	1.6552(p)	.2182(p)	1.1281(p)	1.7979(p)	9.4606(p)
	.2265(s)	.3898(s)	.2523(s)	3.4491(s)	.2353(s)	1.9165(s)
2007/08	1.3397(p)	1.5292(p)	.1991(p)	.8977(p)	1.3621(p)	9.4004(p)
	.1828(s)	.3568(s)	.2130(s)	3.4108(s)	.2148(s)	1.4726(s)

(p) - primary tax levy  
(s) - secondary tax levy

Source: Yavapai County Board of Supervisors.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 ASSESSED VALUATION, TAX RATE and LEVY HISTORY  
 Last Ten Fiscal Years

Fiscal Year	Primary			Secondary		
	Assessed Valuation	Tax Rate	Tax Levy	Assessed Valuation	Tax Rate	Tax Levy
1998/99	\$ 1,023,772,206	1.4631	\$ 14,978,983	\$ 1,048,350,566	.1058	\$ 1,109,134
1999/00	1,097,131,069	1.5294	16,779,826	1,186,775,025	.0956	1,135,081
2000/01	1,181,301,079	1.5330	18,109,635	1,247,635,912	.0875	1,091,840
2001/02	1,280,950,405	1.5325	19,630,398	1,344,616,822	.4163	5,598,026
2002/03	1,388,092,520	1.5835	21,980,482	1,450,497,580	.3954	5,735,780
2003/04	1,516,807,417	1.5672	23,771,406	1,602,480,129	.3106	4,977,303
2004/05	1,674,843,192	1.5626	26,171,099	1,785,174,684	.2888	5,155,584
2005/06	1,877,847,425	1.4900	27,979,927	2,020,575,209	.2614	5,281,784
2006/07	2,125,710,207	1.4308	30,414,662	2,302,712,940	.2265	5,215,645
2007/08	2,470,265,871	1.3397	33,094,152	2,853,059,731	.1828	5,215,393

Source: Yavapai County Assessor's Office and District records.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 PRINCIPAL PROPERTY TAXPAYERS  
 Current Year and Nine Years Ago

Taxpayer	2007 Primary Assessed Valuation	Rank	Percent of Yavapai County's 2007/08 Primary Assessed Valuation	1999 Primary Assessed Valuation (1)	Rank	Percent of Yavapai County's 1999/00 Primary Assessed Valuation
Phelps Dodge Bagdad Copper Company	\$ 79,164,228	1	3.20%	\$ 28,881,927	2	2.63%
Arizona Public Service	68,527,478	2	2.77%	49,460,669	1	4.51%
Salt River Pima-Maricopa Indian Community	30,347,945	3	1.23%	-	-	-
Qwest	20,118,701	4	0.81%	17,756,120	3	1.62%
Unisource Energy Corporation	13,073,267	5	0.53%	7,875,102	4	0.72%
TWC II - Prescott Mall LLC	9,889,174	6	0.40%	-	-	-
Burlington Northern Santa Fe Railroad	9,029,881	7	0.37%	5,375,550	7	0.49%
El Paso Natural Gas Company	8,859,385	8	0.36%	6,859,805	6	0.63%
Walmart Stores, Inc.	7,643,190	9	0.31%	-	-	-
Transwestern Pipeline Company	6,988,004	10	0.28%	7,331,832	5	0.67%
ACE Hardware	-	-	-	3,667,110	8	0.33%
Printpak	-	-	-	2,647,015	9	0.24%
Rams Shopping Center LLC	-	-	-	2,201,776	10	0.20%
Total Top Ten	<u>\$ 253,641,253</u>		<u>10.26%</u>	<u>\$ 132,056,906</u>		<u>12.04%</u>

Source: Yavapai County Assessor.

Note 1: Principal property taxpayer information was not available prior to fiscal year 1998/99.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 TUITION SCHEDULE  
 Last Ten Fiscal Years

Fiscal Year	Annual Tuition Rates (1)	Tuition per Credit Hour
1998/99	\$ 930	\$ 31
1999/00	930	31
2000/01	930	31
2001/02	930	31
2002/03	930	31
2003/04	1,140	38
2004/05	1,140	38
2005/06	1,320	44
2006/07	1,350	45
2007/08	1,470	49

Source: District records.

Note 1: Tuition based on one year of full-time equivalent credit for in-state students.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
RATIOS of OUTSTANDING DEBT by TYPE  
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Revenue Bonds	Pledged Revenue Obligations	Capital Lease Obligations	Total Outstanding Debt	Percentage of personal Income (1)	Per Capita (1)
1998/99	\$ 8,624,272	\$ 2,145,000		\$ 522,052	\$ 11,291,324	0.34%	\$ 69
1999/00	8,009,171	2,040,000	\$ 4,425,000	756,236	15,230,407	0.43%	90
2000/01	7,363,705	1,930,000	4,110,000	443,671	13,847,376	0.37%	80
2001/02	28,161,225	1,815,000	-	314,631	30,290,856	0.79%	169
2002/03	23,865,000	1,690,000	-	153,344	25,708,344	0.63%	139
2003/04	45,680,000	1,560,000	-	320,864	47,560,864	1.05%	249
2004/05	61,725,000	1,425,000	-	826,824	63,976,824	1.27%	322
2005/06	59,235,000	1,280,000	-	2,148,280	62,663,280	1.13%	306
2006/07	56,425,000	1,125,000	-	8,089,092	65,639,092	1.13%	308
2007/08	53,510,000	965,000	-	10,952,114	65,427,114	1.07%	297

Source: District Records, Bureau of Economic Analysis and Arizona Department of Economic Security.

Note 1: See the Population and Personal Income Schedule for Yavapai County on page 66 for data.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
LEGAL DEBT MARGIN  
Last Ten Fiscal Years

	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
<b>Secondary Assessed Value</b>	\$ 1,048,350,566	\$ 1,186,775,025	\$ 1,247,635,912	\$ 1,344,616,822	\$ 1,450,497,580	\$ 1,602,480,129	\$ 1,783,988,336	\$ 2,020,575,209	\$ 2,302,712,940	\$ 2,853,059,731
<b>Legal Debt Margin</b>										
Debt limit - 15% of secondary assessed value	157,252,585	178,016,254	187,145,387	201,692,523	217,574,637	240,372,019	267,598,250	303,086,281	345,406,941	427,958,960
Amount of debt applicable to debt limit:										
General obligation bonded debt	(8,624,272)	(8,009,171)	(7,363,705)	(28,161,225)	(23,865,000)	(45,680,000)	(61,725,000)	(59,235,000)	(56,425,000)	(53,510,000)
Legal debt margin	\$ 148,628,313	\$ 170,007,083	\$ 179,781,682	\$ 173,531,298	\$ 193,709,637	\$ 194,692,019	\$ 205,873,250	\$ 243,851,281	\$ 288,981,941	\$ 374,448,960
Total general obligation bonded debt as a percentage of legal debt limit	5.48%	4.50%	3.93%	13.96%	10.97%	19.00%	23.07%	19.54%	16.34%	12.50%

Source: Yavapai County Assessor's Office and District records.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 RATIO of NET GENERAL OBLIGATION BONDED DEBT to  
 ASSESSED VALUE and NET GENERAL BONDED DEBT PER CAPITA  
 Last Ten Fiscal Years

Fiscal Year	Estimated Population (Yavapai County)	Secondary Assessed Value of Real Estate	Bonds Payable	Amount Available For Retirement of General Obligation Bond Debt	Net Bonded Debt	Percentage of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1998/99	162,943	\$1,048,350,566	\$ 8,624,272	\$ 237,515	\$ 8,386,757	0.80%	\$ 51.47
1999/00	168,981	1,186,775,025	8,009,171	320,344	7,688,827	0.65%	45.50
2000/01	173,703	1,247,635,912	7,363,705	451,270	6,912,435	0.55%	39.79
2001/02	179,071	1,344,616,822	28,161,225	454,103	27,707,122	2.06%	154.73
2002/03	184,464	1,450,497,580	23,865,000	466,245	23,398,755	1.61%	126.85
2003/04	190,737	1,602,480,129	45,680,000	442,460	45,237,540	2.82%	237.17
2004/05	196,760	1,785,174,684	61,725,000	443,359	61,281,641	3.43%	311.45
2005/06	205,105	2,020,575,209	59,235,000	583,290	58,651,710	2.90%	285.96
2006/07	213,285	2,302,712,940	56,425,000	664,470	55,760,530	2.42%	261.44
2007/08	220,170	2,853,059,731	53,510,000	907,674	52,602,326	1.84%	238.92

Source: District Records, Yavapai County Assessor's Office, Bureau of Economic Analysis and Arizona Department of Economic Security.

Note: Population figures are estimates as of July 1 of each fiscal year except for FY1999/00 which reflects the actual population determined from the 2000 census.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 RATIO of ANNUAL DEBT SERVICE EXPENDITURES for GENERAL BONDED DEBT to OPERATING  
 EXPENSES/EXPENDITURES  
 Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total Operating Expenses/ Expenditures (1)	Percentage of Debt Service to Operating Expenses/ Expenditures
1998/99	\$ 635,000	\$ 429,605	\$ 1,064,605	\$ 30,743,524	3.46%
1999/00	700,000	390,130	1,090,130	32,407,067	3.36%
2000/01	715,000	370,680	1,085,680	34,937,931	3.11%
2001/02	4,255,000	1,373,823	5,628,823	39,606,188	14.21%
2002/03	4,296,225	1,394,172	5,690,397	39,766,359	14.31%
2003/04	3,185,000	2,015,630	5,200,630	43,202,413	12.04%
2004/05	3,455,000	1,809,834	5,264,834	46,619,605	11.29%
2005/06	2,490,000	2,697,539	5,187,539	47,387,713	10.95%
2006/07	2,810,000	2,404,983	5,214,983	49,342,810	10.57%
2007/08	2,915,000	2,299,651	5,214,651	50,535,152	10.32%

Source: District records.

Note 1: Amounts shown for operating expenditures represent current funds operating expenditures prior to fiscal year 2001-02. Beginning with fiscal year 2001-02, operating expenses are presented using GASB Statement Number 35.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 COMPUTATION OF DIRECT and OVERLAPPING DEBT  
 GENERAL OBLIGATION BONDS  
 June 30, 2008

<b>Jurisdiction</b>	<b>Debt Outstanding</b>
<u>Direct Debt:</u>	
Yavapai County Community College District	\$ 53,510,000
Total direct debt	53,510,000
<u>Overlapping Debt(1):</u>	
School Districts	121,270,000
City of Prescott	7,825,000
Jail District	6,755,000
Water Districts	25,000
Total overlapping debt	135,875,000
Total direct and overlapping debt	\$ 189,385,000

Source: Yavapai County Treasurer's Office and City of Prescott.

Note 1: Excludes improvement districts.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
REVENUE BOND COVERAGE  
Last Ten Fiscal Years

Fiscal Year	Pledged Revenues (1)	Debt Service Requirements (2)		Total	Coverage
		Principal	Interest		
1998/99	\$ 8,967,443	\$ 100,000	\$ 127,307	\$ 227,307	39.45
1999/00	9,340,604	105,000	120,620	225,620	41.40
2000/01	9,418,594	110,000	115,135	225,135	41.84
2001/02	8,686,966	115,000	109,227	224,227	38.74
2002/03	7,595,245	125,000	102,805	227,805	33.34
2003/04	8,133,022	130,000	95,822	225,822	36.02
2004/05	7,963,710	135,000	88,401	223,401	35.65
2005/06	8,942,844	145,000	80,418	225,418	39.67
2006/07	9,137,014	155,000	71,755	226,755	40.29
2007/08	8,092,973	160,000	62,580	222,580	36.36

Source: District records.

Note 1: Pledged revenues include tuition and fees, bookstore revenues, food service sales, dormitory rentals, investment and other income. Beginning in fiscal year 2001-02, tuition and fees, food service sales, and dormitory rentals are reported net of scholarships and allowances per GASB Statement Number 35.

Note 2: Revenue bonds issued March 1, 1993, with the first interest payment due on January 1, 1994.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 ECONOMIC INDICATORS for YAVAPAI COUNTY  
 June 30, 2008

Employment by Sector	Employees
Mining and Construction	8,800
Education and Health Services	10,000
Financial Activities	2,500
Government	12,100
Leisure and Hospitality	8,200
Manufacturing	4,600
Professional and Business Services	4,600
Trade, Transportation and Utilities	12,700
Information	600

Employment by Occupation	Percent of Total
Office & Administrative Support	20.9%
Food Preparation & Serving Related	15.7%
Construction & Extraction	14.5%
Sales & Related	14.4%
Education, Training & Library	8.5%
Transportation & Material Moving	7.2%
Healthcare Practitioners & Technical	7.2%
Production	5.9%
Management	5.6%

<b>Unemployment Rate</b>	3.7%
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<b>Labor Force</b>	98,390
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Source: Arizona Department of Commerce.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 PRINCIPAL EMPLOYERS in YAVAPAI COUNTY  
 Current Year and Nine Years Ago

Major Employers	FY 2007/08			FY 1998/1999		
	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
Yavapai Regional Medical Center	1,830	1	1.86%	730	3	1.10%
Yavapai County	1,800	2	1.83%	1,213	1	1.83%
Wal-Mart	1,087	3	1.10%	-	-	-
Cyprus Bagdad Copper Mine	995	4	1.01%	535	6	0.81%
Veterans Medical Center	792	5	0.80%	550	5	0.83%
Yavapai College	706	6	0.72%	468	7	0.71%
Verde Valley Medical Center	704	7	0.72%	351	9	0.53%
Prescott Unified School District	700	8	0.71%	573	4	0.87%
City of Prescott	529	9	0.54%	385	8	0.58%
State of Arizona	438	10	0.45%	330	10	0.50%
Sturm Ruger & Company	-	-	-	1,176	2	1.78%
<b>Total</b>	<b>9,581</b>		<b>9.74%</b>	<b>6,311</b>		<b>9.54%</b>

Source: City of Prescott and District records.

Note: Principal employer information was not available prior to fiscal year 1998/99.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 MISCELLANEOUS STATISTICS  
 June 30, 2008

<b>Established</b>	July 1, 1966
<b>Geographical Location</b>	West Central portion of Arizona
<b>County Seat</b>	Prescott

Population	1990	2000	2008
Yavapai County	107,714	167,517	220,170
State of Arizona	3,665,228	5,130,632	6,432,007

Age Distribution*	% of Total
0-14	17.2%
15-24	11.0%
25-44	22.4%
45-64	27.4%
65+	22.0%

Population Composition *	% of Total
<u>RACE</u>	
White	82.1%
Hispanic	9.8%
African American	0.4%
Native American	1.6%
Asian or Pacific Islander	0.6%
Other	5.5%
<b>TOTAL</b>	<u><u>100.0%</u></u>

\* Population composition is based on 2000 census - estimated for 2007.

Source: Arizona Department of Commerce and Arizona Department of Economic Security.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 POPULATION and PERSONAL INCOME for YAVAPAI COUNTY  
 Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (amounts expressed in thousands)	Per Capita Personal Income (1)
1998/99	162,943	\$ 3,315,373	\$ 20,347
1999/00	168,999	3,574,050	21,148
2000/01	173,726	3,701,821	21,308
2001/02	179,095	3,853,070	21,514
2002/03	184,346	4,049,851	21,969
2003/04	190,685	4,524,850	23,729
2004/05	198,841	5,032,945	25,311
2005/06	205,105	5,537,703	26,999
2006/07	213,285	5,827,338	27,322
2007/08	220,170	6,116,973	27,783

Source: Bureau of Economic Analysis and Arizona  
 Department of Economic Security.

Note 1: Personal Income and Per Capita Personal Income were not available  
 for fiscal years 2006/07 and 2007/08. Amounts were estimated based  
 upon the prior 10 year average increase.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
STUDENT ENROLLMENT, DEGREE and DEMOGRAPHIC STATISTICS  
Last Ten Fiscal Years

Fiscal Year	Attendance		Gender		Residency			
	Full-Time	Part-Time	Male	Female	Resident	Out of County	Out of State	Foreign
1998/99	18.2%	81.8%	37.0%	63.0%	87.6%	7.0%	4.8%	0.6%
1999/00	16.8%	83.2%	37.9%	62.1%	88.0%	6.5%	5.0%	0.5%
2000/01	16.6%	83.4%	36.8%	63.2%	89.4%	5.8%	4.2%	0.6%
2001/02	17.3%	82.7%	36.6%	63.4%	88.8%	5.5%	5.0%	0.7%
2002/03	18.0%	82.0%	37.3%	62.7%	88.1%	5.6%	5.8%	0.5%
2003/04	18.0%	82.0%	37.1%	62.9%	88.6%	5.4%	5.5%	0.5%
2004/05	19.0%	81.0%	38.2%	61.8%	84.7%	5.1%	9.8%	0.4%
2005/06	17.8%	82.2%	38.1%	61.9%	82.5%	4.5%	12.6%	0.4%
2006/07	15.3%	84.7%	38.9%	61.1%	82.9%	4.2%	12.5%	0.4%
2007/08	16.3%	83.7%	39.0%	61.0%	90.2%	4.3%	5.0%	0.5%

Fiscal Year	Degrees Awarded	Certificates Awarded
1998/99	246	98
1999/00	246	83
2000/01	234	98
2001/02	252	149
2002/03	276	145
2003/04	288	169
2004/05	304	161
2005/06	340	210
2006/07	344	183
2007/08	404	307

Fiscal Year	Age		Ethnic Background					
	Median	Mean	American Indian	Asian American	Hispanic	African American	White	Other/Unknown
1998/99	37	39	2.8%	0.8%	4.2%	0.7%	83.3%	8.2%
1999/00	38	40	2.4%	0.9%	4.3%	0.5%	82.7%	9.2%
2000/01	40	38	2.1%	1.0%	5.0%	0.6%	80.7%	10.6%
2001/02	38	40	1.9%	1.0%	5.2%	0.5%	81.0%	10.4%
2002/03	37	39	2.4%	1.0%	5.0%	0.9%	79.0%	11.7%
2003/04	36	39	2.9%	1.0%	5.3%	0.8%	77.8%	12.2%
2004/05	35	39	3.1%	1.0%	5.4%	0.9%	77.6%	12.0%
2005/06	35	39	2.7%	1.0%	5.9%	0.8%	76.2%	13.4%
2006/07	36	39	2.5%	1.2%	6.6%	0.8%	74.4%	14.5%
2007/08	31	37	2.5%	1.5%	6.9%	1.1%	81.7%	6.3%

Source: District records.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 HISTORIC ENROLLMENT  
 Last Ten Fiscal Years

	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02	2000/01	1999/00	1998/99
<b>Headcount</b>	15,582	16,312	15,936	13,398	14,463	14,212	14,426	13,838	11,645	10,073

<b>FTSE by Campus</b>	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02	2000/01	1999/00	1998/99
Prescott	2,208	2,141	1,954	1,882	1,962	2,047	1,944	1,800	1,825	1,884
Verde	694	701	692	624	549	551	537	559	514	526
Sedona	110	135	129	125	136	123	112	97	74	66
Prescott Valley	335	364	269	290	273	220	214	171	214	183
Chino Valley	142	133	127	121	109	80	77	67	57	61
Elderhostel (1)	-	72	112	95	146	136	169	166	117	-
CTEC (2)	111	-	-	-	-	-	-	-	-	-
Other (3)	90	71	69	94	96	99	57	76	84	80
<b>Total District</b>	<b>3,690</b>	<b>3,617</b>	<b>3,352</b>	<b>3,231</b>	<b>3,271</b>	<b>3,256</b>	<b>3,110</b>	<b>2,936</b>	<b>2,885</b>	<b>2,800</b>

Source: District records.

Note 1: The Elderhostel program was terminated in 2006/07.

Note 2: The Career Technology Education Center began operations in 2007/08.

Note 3: Other includes Adult Basic Education (ABE), Skill Center, and courses at non-campus locations.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 FACULTY and STAFF STATISTICS  
 Last Nine Fiscal Years

	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02	2000/01	1999/00
<b>Faculty</b>									
Regular (1)	93	102	97	97	92	95	93	87	86
Adjunct	523	474	330	342	368	572	572	547	530
<b>Staff</b>									
Regular	318	317	284	307	318	288	289	258	237
Temporary (2)	180	177	188	198	230	224	200	147	73

Source: District records.

Note: District information was not available prior to fiscal year 1999/00.

Note 1: Beginning in FY07/08 Division Deans were no longer classified as faculty.

Note 2: Temporary staff amounts are based on full-time equivalents.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
CAPITAL ASSET INFORMATION  
Last Seven Fiscal Years

Asset Type	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02
Computers and Peripherals	\$ 1,452,005	\$ 1,161,346	\$ 1,173,513	\$ 979,865	\$ 885,220	\$ 742,745	\$ 946,837
Network Equipment	1,127,448	1,118,033	1,155,303	1,144,747	1,193,463	1,153,467	1,015,399
Audio Visual Equipment	480,767	481,299	506,007	541,896	541,896	561,457	487,272
Office Equipment & Furniture	3,400,251	2,624,374	2,386,269	2,081,358	1,433,432	990,060	915,841
Telephone Equipment	252,283	252,283	252,283	252,283	628,136	628,136	609,430
Software	1,286,076	-	-	-	-	-	-
Vehicles	1,214,607	1,136,409	1,094,994	1,089,436	1,064,419	1,011,240	855,814
Library Books	2,916,756	2,762,515	2,647,200	2,528,669	2,473,365	2,347,696	2,259,848
Buildings	98,123,350	93,591,763	78,882,085	64,944,116	44,835,295	33,948,681	33,293,833
Construction in Progress	834,346	12,239	7,779,699	18,097,827	21,560,868	10,288,928	-
Site Improvements	14,607,058	14,231,150	12,710,508	4,729,052	4,605,295	4,025,390	4,025,390
Land	3,597,041	1,975,535	1,975,535	1,975,535	1,975,535	1,975,536	964,383
	<u>\$ 129,291,988</u>	<u>\$ 119,346,946</u>	<u>\$ 110,563,396</u>	<u>\$ 98,364,784</u>	<u>\$ 81,196,924</u>	<u>\$ 57,673,336</u>	<u>\$ 45,374,047</u>

Source: District records.

Note: District information was not available prior to fiscal year 2001/02.