

COMPREHENSIVE
**ANNUAL
FINANCIAL
REPORT**

For the fiscal year
ended June 30, 2009

PRESCOTT

VERDE VALLEY

PRESCOTT VALLEY

CHINO VALLEY

SEDONA

CAMP VERDE

Yavapai
COLLEGE
Your community. Your college.

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

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**The Office of Business
Services**

**Yavapai College
1100 East Sheldon Street
Prescott, Arizona 86301
www.yc.edu**

**For the fiscal year
ended June 30, 2009**

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**Yavapai County Community College District
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2009**

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INTRODUCTORY SECTION

Yavapai
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December 15, 2009

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, 2009, 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 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 2008 estimated population (provided by the Department of Economic Security) of 227,468 and a population density of 28 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 primary property tax levy increased by an average of approximately 9.5% for the past seven years. County-wide permits for new construction for fiscal year 2008-09 experienced a decrease of 23% over the previous fiscal year and a decrease of nearly 70% over the 2005-06 high. This slowing trend in new construction along with the current weak real estate market will continue to slow the rate of growth in total assessed values. Future increases in the primary property tax levy will average closer to 4.5%.

The State's economy has continued to weaken, especially as it relates to the labor market. The sector with the highest job losses is real estate and construction. For fiscal year 2008-09, the State reduced the District's appropriation by \$1.3 million when considering growth for new enrollment (FTSE). The State's revenues, primarily income and sales tax, decreased by nearly \$2 billion in fiscal year 2008-09 and are projected to decrease by another \$.5 billion in fiscal year 2009-10. A multitude of mid year reductions are currently being considered by the State which will ultimately affect the community colleges.

MAJOR PROGRAM INITIATIVES

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

Capital Improvement Projects

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 were used for this project. The building was completed in the

Enrollment

The fiscal year was characterized by positive enrollment with more than 14,100 students attending credited classes and an increase in full-time student equivalent (FTSE) of 5.3%. Individual programs with double digit FTSE enrollment increases include Allied Health Services, Biology, Chemistry, Computer Networking Technology, Communications, Dance, Early Childhood Education, Electronics, English, Fire Science, Journalism, and Philosophy. The College's Career and Technical Education Center (CTEC) continues to experience phenomenal growth in its second year with 361 students enrolled in occupational programs at the site and FTSE at 130, both of which represent a 32% increase over last fiscal year.

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 822 students earned degrees or certificates which represents an increase of 16% over the previous year. Throughout the course of the academic year, 138 students completed the Career Skills program, 38 students graduated from the Northern Arizona Regional Training Academy, and 90 students completed all requirements of the Nursing Program. In addition, approximately 126 students completed studies and passed the exam to earn a high school equivalency diploma.

Enterprise Resource Planning (ERP) system – Banner

The District successfully implemented a number of modules from its new enterprise software Banner. Modules going live during the fiscal year include: Admissions and Recruitment, Catalogue and Schedule, Financial Aid, the Luminis Portal and Student. The fall class of 2009 was the first to be admitted and enrolled using the new software system. The percent of students registering online increased from approximately 25% over the past few semesters to over 99% for the fall semester. Substantially all components of the system will be implemented by the end of next fiscal year.

FUTURE PROGRAM INITIATIVES

In response to the Governor's P-20 Council's charge to increase the number of baccalaureate recipients, Yavapai College and Northern Arizona University continue to work together to implement a regional university in Central Arizona. Upcoming issues include formalizing admissions, processes, joint faculty appointments, and course and program offerings.

Through a combination of the District tax-based dollars and the State's Proposition 301 funds (workforce development), the 2009-10 budget will support new programming in critically-needed areas of workforce development. Programs will include:

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

Academic program reviews will be performed in all instructional degree and certificate programs

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 Finance, 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, 2008. This was the ninth 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, 2008

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.



President

Executive Director

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT

PRINCIPAL OFFICERS

June 30, 2009

DISTRICT GOVERNING BOARD

Dr. Patricia McCarver, *Chair, District 1*

Mr. Herald Harrington, *Secretary, District 5*

Dr. Dale Fitzner, *District 2*

Mr. Charles Leon, *District 4*

Mr. Ray Sigafos, *District 3*

PRESIDENT

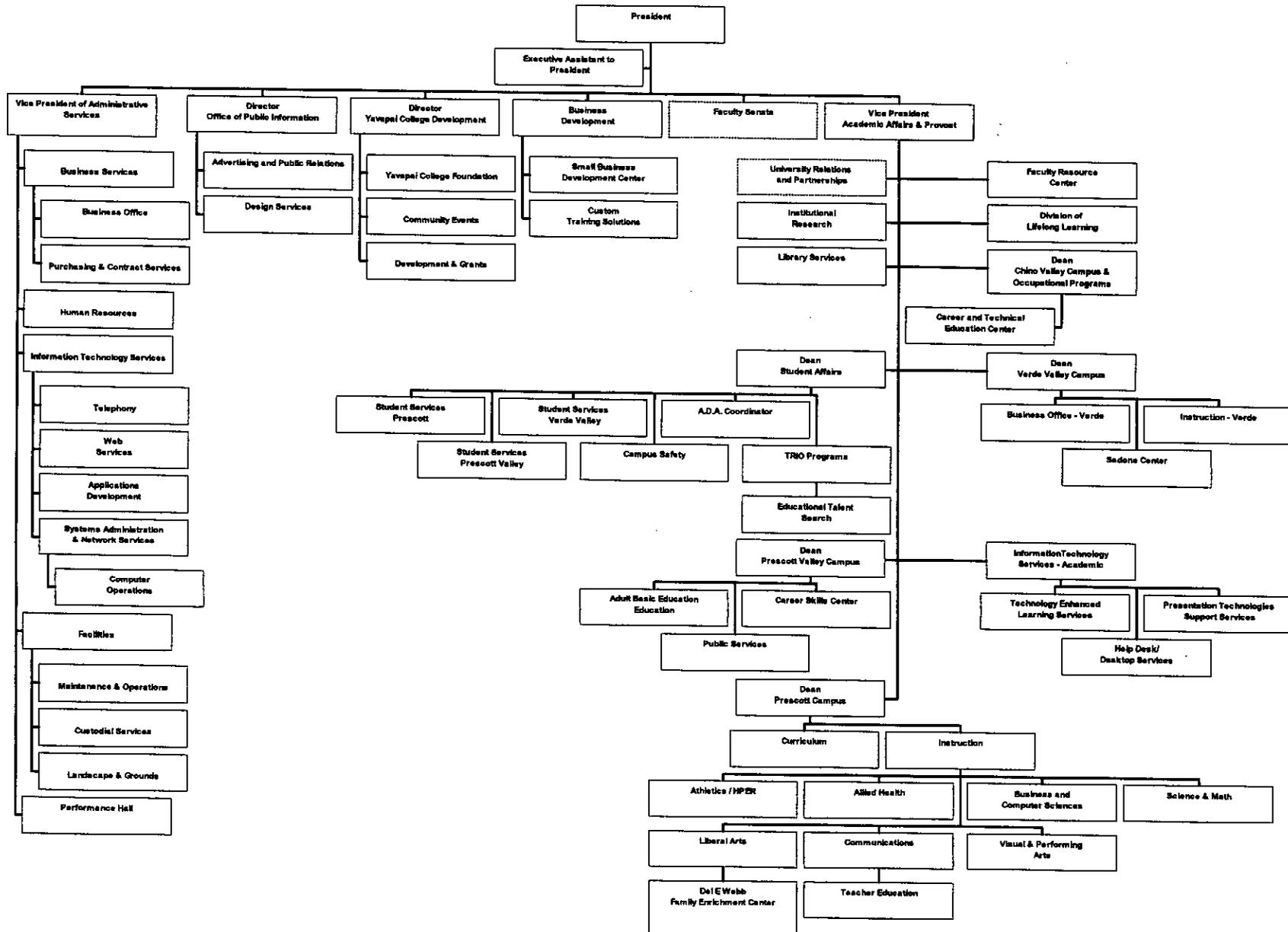
Dr. James F. Horton

ADMINISTRATION

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

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

Yavapai County Community College District Organizational Chart as of June 30, 2009



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**FINANCIAL
SECTION**

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INDEPENDENT AUDITORS' REPORT

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, 2009 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. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit 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, 2009 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 15, 2009, 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.



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 15, 2009

December 15, 2009

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, 2009. 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 23.

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. This trend continued during this fiscal year as the District's State appropriation was reduced by \$1,000,326.

The assets of the District exceeded its liabilities at the close of the fiscal year by \$58,236,699. Of this amount, \$11,571,245 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 \$6,542,863. Investments in capital assets, net of related debt, increased by \$4,282,917 (10.6%). Restricted net assets

increased by \$218,548 and unrestricted net assets increased by \$2,041,398 (21.4%).

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, 2009. 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, 2009. 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, 2009. 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>6/30/2009</u>	<u>6/30/2008</u>
Assets:		
Current assets	\$ 20,286,771	\$ 18,071,028
Noncurrent assets, other than capital assets	2,626,554	4,795,916
Capital assets, net of depreciation	<u>100,361,073</u>	<u>98,492,004</u>
Total assets	<u>123,274,398</u>	<u>121,358,948</u>
Liabilities:		
Other liabilities	3,360,498	3,022,360
Long-term liabilities	<u>61,677,201</u>	<u>66,642,752</u>
Total liabilities	<u>65,037,699</u>	<u>69,665,112</u>
Net assets:		
Invested in capital assets, net of related debt	44,715,778	40,432,861
Restricted net assets	1,949,676	1,731,128
Unrestricted net assets	<u>11,571,245</u>	<u>9,529,847</u>
Total net assets	<u>\$58,236,699</u>	<u>\$51,693,836</u>

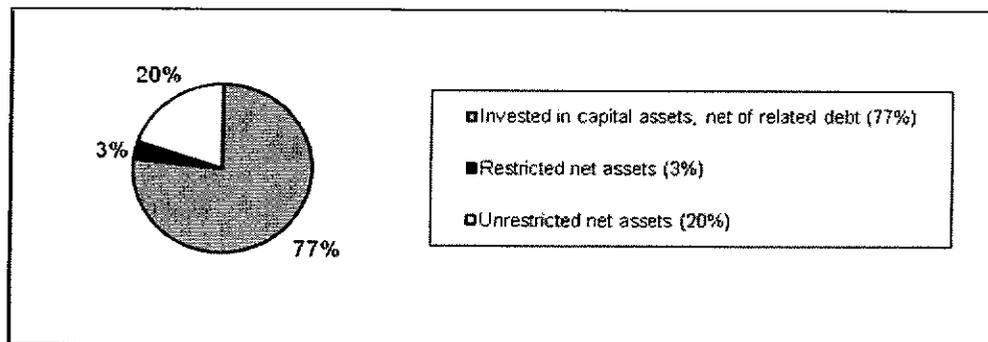
The increase in current assets was primarily attributed to increased government grant and property tax receivables from the prior year. The use of lease proceeds for the new Sungard Banner enterprise resource planning (ERP) system and GO bond proceeds for the new Prescott Valley Library/Yavapai College Classroom building caused the noncurrent assets, other than capital assets, to decrease. The increase in capital assets, net of depreciation, was a result of the land received from the Town of Chino Valley in exchange for the District's Highway 89 Property, the new Prescott Valley Library/Yavapai College Classroom building, the ERP system and the purchase of various equipment, net of disposals. The increase in other liabilities was credited to 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.

The District's capital assets, net of related debt, increased by \$4,282,917 over the previous fiscal year. This increase was attributable to the addition of equity in the District's capital assets over the previous year. Restricted net assets increased from the prior fiscal year as a result of grant revenues exceeding expenditures. The increase in unrestricted net assets was attributed to the operating and facility contingency budgets which were generally not used during the fiscal year and the District received a significant grant from the Arizona Office of Economic Recovery through the American Recovery and Reinvestment Act of 2009 which reimbursed the District for instructional expenses for the purpose of stabilizing the District's budget.

Net Assets As of June 30, 2009



As noted earlier, net assets reflect the financial position of the District. The largest portion of the District's net assets (77 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 \$11,571,245 may be used to meet the District's ongoing mission to the public. Unrestricted net assets increased by \$2,041,398 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>6/30/2009</u>	<u>6/30/2008</u>
Revenues		
Operating:		
Tuition and fees	\$ 5,395,124	\$ 6,402,070
Other	1,431,671	1,516,434
Nonoperating:		
Property taxes	40,242,345	38,126,821
Government grants and contracts	7,764,046	5,567,413
State aid	5,099,611	5,465,745
Investment earnings	327,532	726,726
Other	368,773	1,036,345
Gain on disposal of capital assets	1,035,796	-
Total revenues	<u>61,664,898</u>	<u>58,841,554</u>
Expenses		
Operating:		
Educational and general:		
Instruction	17,525,630	16,216,739
Public service	445,716	482,123
Academic support	3,877,549	3,550,891
Student services	4,423,646	4,423,089
Institutional support	10,472,894	9,680,826
Operation and maintenance of plant	5,241,506	5,699,368
Scholarships	3,244,248	2,385,237
Auxiliary enterprises	3,149,945	4,087,342
Depreciation	4,251,835	4,009,537
Total operating expenses	52,632,969	50,535,152
Nonoperating		
Interest expense on debt	2,554,248	2,726,727
Total expenses	<u>55,187,217</u>	<u>53,261,879</u>
Income before other revenues, expenses, gains, or losses	6,477,681	5,579,675
Capital appropriations, grants, and gifts	65,182	3,502,521
Increase in net assets	6,542,863	9,082,196
Total net assets, July 1	51,693,836	42,611,640
Total net assets, June 30	<u>\$58,236,699</u>	<u>\$51,693,836</u>

Revenues are separated into two categories -- operating and nonoperating. For a

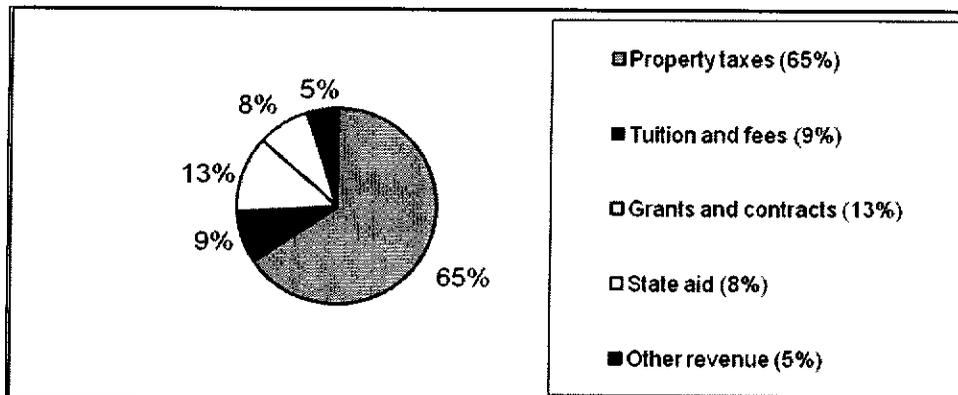
description of the difference between operating and nonoperating, please refer to the Summary of Significant Accounting Policies (Note 1).

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. Government grants and contracts increased from the prior year due to more Pell grants being awarded and a significant grant received from the Arizona Office of Economic Recovery through the American Recovery and Reinvestment Act of 2009. The decrease in state aid was a result of budget cuts by the State. The decrease in investment earnings was related to lower interest rates. The decrease in other nonoperating revenues was a result of one time contributions made by Freeport McMoRan covering a portion of the start-up costs to begin the new Mining Technology Program in the prior fiscal year. Lastly, the District had a gain on disposal of capital assets which resulted from the exchange of the Highway 89 Property in Chino Valley for the Chino Valley Old Home Manor Property with the Town of Chino Valley.

The decrease in capital appropriations, grants, and gifts was primarily due to the Yavapai College Foundation’s transfer of the Del E. Webb Family Enrichment Center in fiscal year 2007-08 and the discontinuance of capital aid by the State in fiscal year 2008-09.

Revenues by Source Fiscal Year 2009

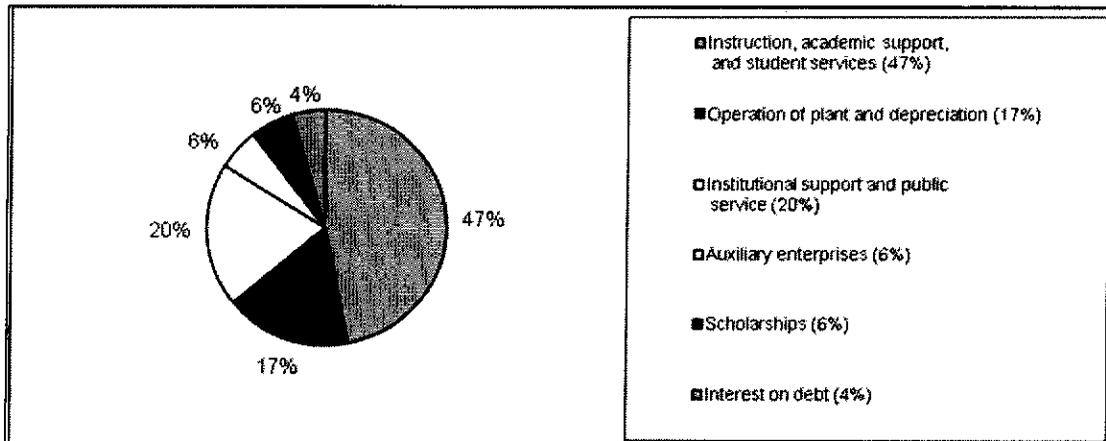


Depreciation expense is recorded in accordance with the adoption of the full accrual basis of accounting. The construction and acquisition of capital assets, although budgeted and tracked as an expenditure in the accounting system, is not reflected as an expense in these statements. Such transactions 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 \$1,925,338. Increases in instruction, academic support and institutional support operating expenses were in the area of personal services due to higher payroll accruals at year-end and increased health insurance costs. Student services experienced a similar increase in payroll accruals, however, it was off-set by lower expenses in several grants received by 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. Scholarship expenses increased as a result of higher institutional scholarships and Pell grant awards.

Expenses by Function Fiscal Year 2009



Capital Assets and Debt Management

Renovations of the Career & Technical Education Center continued with the construction of two additional classrooms. The 108,000 square foot facility is dedicated to expand career and technical education programs.

Construction of the new Prescott Valley joint use facility continued and is expected to be completed in late 2009. The building will be shared with the Town of Prescott Valley and will house classrooms and a new town public library. A combination of bond proceeds and funds from the District's Future Capital Projects Accumulation Fund are being used for this project.

In May of 2009 the District exchanged its facility on Highway 89 in Chino Valley for thirty acres at the Old Home Manor site in Chino Valley. As part of the exchange, the District

paid \$55,000 to cover certain repairs to the Highway 89 property.

The District is in the process of implementing the Sungard Banner 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. Lease purchase proceeds were used to purchase the Banner system, needed hardware and to fund the services necessary to implement the system.

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 \$4,251,835 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, 2009. Additional information on the District's outstanding debt can be found in Note 6 to the basic financial statements.

Bonds outstanding at June 30, 2009, were as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
General obligation bonds				
Project of 2001-Series A	\$25,955,000	7/1/10-22	4.25-4.75%	\$11,775,000
Project of 2001-Series B	25,000,000	7/1/10-24	3.25-4.75%	20,200,000
Project of 2001-Series C	19,500,000	7/1/10-25	3.63-5.00%	17,970,000
Series 2003-Refunding	5,175,000	7/1/10-11	3.75%	525,000
Revenue bonds				
Series 1993	2,500,000	7/1/10-12	6.00%	795,000

The implementation of the \$69.5 million voter-approved Master Plan Project of 2001 is in its final stages. All of the Master Plan related construction projects on the Prescott, Verde Valley and Chino Valley campuses have been completed. The remaining bond proceeds

are currently being used to expand the District's services in Prescott Valley and will be used to expand the District's services in 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, 2009**

ASSETS:	Business Type Activities
Current assets:	
Cash and cash equivalents	\$ 16,300,179
Receivables (net of allowances for uncollectibles)	
Property taxes	1,582,693
Government grants and contracts	1,698,534
Student loans, current portion	174,331
Other	250,141
Prepaid expenses	280,893
Total current assets	<u>20,286,771</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	494,456
Cash and cash equivalents held by trustee	1,660,872
Property taxes (net of allowances for uncollectibles)	255,050
Student loans receivable (net of allowance for uncollectibles)	213,589
Other receivables	2,587
Capital assets, not being depreciated	9,862,179
Capital assets, being depreciated, net	90,498,894
Total noncurrent assets	<u>102,987,627</u>
Total assets	<u>123,274,398</u>
LIABILITIES:	
Current liabilities:	
Accounts payable	795,742
Accrued payroll and employee benefits	2,089,452
Interest payable	25,615
Deposits held in custody for others	112,581
Deferred revenues	288,208
Dormitory deposits	48,900
Current portion of compensated absences payable	126,628
Current portion of long-term debt	4,996,402
Current portion of other long-term liabilities	34,568
Total current liabilities	<u>8,518,096</u>
Noncurrent liabilities:	
Compensated absences payable	951,136
Long-term debt	55,409,147
Other	159,320
Total noncurrent liabilities	<u>56,519,603</u>
Total liabilities	<u>65,037,699</u>
NET ASSETS:	
Invested in capital assets, net of related debt	44,715,778
Restricted:	
Nonexpendable:	
Student loans	617,676
Expendable:	
Grants and contracts	402,494
Debt service	929,506
Unrestricted	11,571,245
Total net assets	<u>\$ 58,236,699</u>

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Statement of Financial Position - Component Unit
June 30, 2009**

	Yavapai College Foundation
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 852,695
Unrestricted investments	32,023
Receivables	4,905
Prepaid expenses	1,150
Total current assets	<u>890,773</u>
Fixed assets:	
Art and historical treasures	63,500
Property and equipment - net	363,339
Educational project	177,246
Total fixed assets	<u>604,085</u>
Other assets:	
Restricted cash	562,249
Restricted investments	638,605
Endowment investments	5,794,044
Total other assets	<u>6,994,898</u>
Total assets	<u>\$ 8,489,756</u>
LIABILITIES:	
Current liabilities:	
Accounts payable	\$ 64,673
Yavapai College payable	43,003
Scholarships payable	141,187
Deferred revenue	135,853
Total current liabilities	<u>384,716</u>
Total liabilities	<u>384,716</u>
NET ASSETS:	
Unrestricted	747,372
Temporarily restricted	1,493,944
Permanently restricted	5,863,724
Total net assets	<u>8,105,040</u>
Total liabilities and net assets	<u>\$ 8,489,756</u>

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, 2009**

	Business Type Activities
Operating revenues:	
Tuition and fees (net of scholarship allowances of \$2,224,961)	\$ 5,395,124
Bookstore sales	127,093
Food service income	189,630
Dormitory rentals (net of scholarship allowances of \$389,783)	311,967
Other	802,981
Total operating revenues	6,826,795
Operating expenses:	
Educational and general:	
Instruction	17,525,630
Public service	445,716
Academic support	3,877,549
Student services	4,423,646
Institutional support	10,472,894
Operation and maintenance of plant	5,241,506
Scholarships	3,244,248
Auxiliary enterprises	3,149,945
Depreciation	4,251,835
Total operating expenses	52,632,969
Operating loss	(45,806,174)
Nonoperating revenues(expenses):	
Property taxes	40,242,345
Government grants and contracts	7,764,046
State appropriations	4,523,974
Share of state sales taxes	575,637
Private gifts	368,773
Investment earnings	327,532
Interest expense on debt	(2,554,248)
Gain on disposal of capital assets	1,035,796
Total nonoperating revenues	52,283,855
Income before other revenues, expenses, gains or losses	6,477,681
Capital grants and gifts	65,182
Increase in net assets	6,542,863
Total net assets - July 1, 2008	51,693,836
Total net assets - June 30, 2009	\$ 58,236,699

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, 2009**

	Yavapai College Foundation
SUPPORT and REVENUES:	
Support:	
Contributions	\$ 67,343
Roughrider Club	20,057
Friends of Yavapai College Art	28,171
Greater Verde Valley Chapter	2,798
Total support	118,369
Revenue:	
Rental income	108,240
Program service	71,973
Special events	15,580
Donor - restricted endowment impairment	(687,114)
Dividends and interest	17,204
Realized loss on investments	(19,775)
Unrealized investment gain	3,589
Total revenue	(490,303)
Net assets released from restrictions	958,896
Total unrestricted support, revenue and net assets released from restriction	586,962
EXPENSES:	
Program expenses:	
Scholarships	136,068
Community events	500,572
LeGate	79,727
Friends of Yavapai College Art	29,730
Roughrider Club	53,672
PACE	76,287
Greater Verde Valley Chapter	5,010
Aristotelian Logic	8,007
Gerontology	16,736
Other Programs	212,783
Total program expenses	1,118,592
Depreciation of rental property	15,544
Management and general	228,004
Fundraising	17,536
Total expenses	1,379,676
Decrease in unrestricted net assets	(792,714)
Temporarily Restricted Net Assets:	
Contributions	239,911
Community Events sales	452,495
Realized investment loss	(1,127,093)
Dividends and interest	163,492
Unrealized investment gain	23,148
Transfers from permanently restricted	18,897
Assets released from restrictions	(958,896)
Decrease in temporarily restricted net assets	(1,188,046)
Permanently Restricted Net Assets:	
Endowment contributions	1,165,419
Transfers to temporarily restricted assets	(18,897)
Increase in permanently restricted assets	1,146,522
Decrease in net assets:	
	(834,238)
Net assets - beginning of year	8,939,278
Net assets - end of year	\$ 8,105,040

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, 2009**

CASH FLOWS FROM OPERATING ACTIVITIES:	Business Type Activities
Tuition and fees	\$ 5,292,689
Bookstore receipts	127,093
Food services receipts	189,630
Dormitory rentals	311,967
Collection of loans to students	50,445
Other receipts	841,995
Payments to suppliers and providers of goods and services	(11,957,368)
Payments to employees	(32,632,579)
Loans issued to students	(204,391)
Scholarship payments to students	(3,244,248)
Net cash used for operating activities	(41,224,767)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Property taxes	39,800,516
Grants and contracts	6,704,996
State appropriations	4,523,974
Share of state sales taxes	575,637
Private gifts	368,773
Federal direct lending receipts	2,586,157
Federal direct lending disbursements	(2,594,984)
Deposits held in custody receipts	407,512
Deposits held in custody payments	(430,780)
Net cash provided by noncapital financing activities	51,941,801
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from sale of capital assets	8,245
Principal paid on capital debt	(5,021,564)
Interest paid on capital debt	(2,653,383)
Purchases of capital assets	(4,896,908)
Net cash used for capital and related financing activities	(12,563,610)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received on investments	320,859
Net cash provided by investing activities	320,859
Net decrease in cash and cash equivalents	(1,525,717)
Cash and cash equivalents, July 1, 2008	19,981,224
Cash and cash equivalents, June 30, 2009	\$ 18,455,507
	(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, 2009
(Continued)**

Reconciliation of operating loss to net cash used for operating activities:	Business Type Activities
Operating loss	\$ (45,806,174)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation expense	4,251,835
Provision for uncollectible accounts	(76,229)
Changes in assets and liabilities:	
Decrease in other receivables	66,632
Increase in prepaid expenses	(96,214)
Decrease in student loans receivable	153
Increase in accrued payroll and employee benefits	884,386
Increase in compensated absences payable	101,707
Decrease in deferred revenues	(161,966)
Decrease in accounts payable	(342,304)
Decrease in other liabilities	(45,693)
Decrease in dormitory deposits	(900)
Net cash used for operating activities	\$ (41,224,767)

Noncash investing, capital, and noncapital financing activities:

Gifts of depreciable assets.

The District recorded gifts of depreciable assets of \$65,182.

Exchange transaction with the Town of Chino Valley.

The District recorded the exchange of its Highway 89 Property, valued at \$1,500,000, for the Town of Chino Valley's Old Home Manor Property, valued at an equal amount.

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2009**

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, 2009, the District implemented the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. GASB Statement No. 49 establishes standards for accounting and financial reporting, including note disclosure requirements, for pollution remediation obligations. The implementation of GASB Statement No. 49 had no effect on the District's financial statements.

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 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

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2009

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, 2009, the Foundation gifted property and funds in the amount of \$348,851 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 capital assets. Other expenses, such as interest expense on debt, are considered to be nonoperating expenses.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2009**

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

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

D. 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, 2009**

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 but do not vest with employees. Therefore, a liability for sick leave benefits is not accrued in the financial statements. 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, 2009**

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, 2009, the carrying amount of the District's deposits was \$3,759,340, and the bank balance was \$5,944,632. At June 30, 2009, \$1,549,165 of the District's bank balance was uninsured and uncollateralized and \$4,145,467 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, 2009 were as follows:

<u>Investment Type</u>	<u>Amount</u>
State Treasurer's investment pools	\$ 9,983,970
County Treasurer's investment pool	3,044,961
Government obligations money market funds	<u>1,660,872</u>
Total	<u>\$14,689,803</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, 2009**

Credit risk – The District does not have a formal policy with respect to credit risk. At June 30, 2009, 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 pool 7	Unrated	Not applicable	\$ 9,983,970
County Treasurer's investment pool	Unrated	Not applicable	3,044,961
Government obligations money market funds	Aaa	Moody's	<u>1,660,872</u>
Total			<u>\$14,689,803</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, 2009, the District had \$1,660,872 of investments in government obligations money market mutual funds that were uninsured and held by a counterparty not in the District's name.

Interest rate risk – The District does not have a formal policy with respect to interest rate risk. At June 30, 2009, 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	\$ 9,983,970	.4
County Treasurer's investment pool	3,044,961	4.6
Government obligations money market funds	<u>1,660,872</u>	Not available
Total	<u>\$14,689,803</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	\$ 6,364	Cash and cash equivalents	\$16,300,179
Deposits	3,759,340	Restricted assets:	
Investments	14,689,803	Cash and cash equivalents	494,456
		Cash and cash equivalents held by trustee	<u>1,660,872</u>
Total	<u>\$18,455,507</u>	Total	<u>\$18,455,507</u>

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2009**

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	\$1,654,940	\$(72,247)	\$1,582,693
Noncurrent	264,428	(9,378)	255,050
Student loans			
Current	174,331	-	174,331
Noncurrent	213,589	-	213,589
Other-current	343,855	(93,714)	250,141

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 \$1,234,207 of lease purchase proceeds to be used to purchase and implement the ERP software system and \$494,456 of secondary assessed tax proceeds to be used exclusively for debt service.

Cash and cash equivalents held by trustee of \$426,665 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 \$255,050 are restricted on the Statement of Net Assets because these funds are to be used solely for the retirement of general obligation bonds.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2009**

Note 5 – Capital Assets

Capital asset activity for the year ended June 30, 2009, was as follows:

	Balance <u>July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2009</u>
Capital assets not being depreciated:				
Land	\$ 3,597,041	\$ 1,569,280	\$150,433	\$ 5,015,888
ERP software system – in progress	1,286,076	632,577	-	1,918,653
Construction in progress	<u>834,345</u>	<u>2,093,293</u>	<u>-</u>	<u>2,927,638</u>
Total capital assets not being depreciated	<u>5,717,462</u>	<u>4,295,150</u>	<u>150,433</u>	<u>9,862,179</u>
Capital assets being depreciated:				
Buildings	98,123,350	832,680	520,917	98,435,113
Improvements other than buildings	14,607,058	374,164	-	14,981,222
Equipment	7,927,361	932,106	1,748,746	7,110,721
Library books	<u>2,916,756</u>	<u>159,254</u>	<u>94,843</u>	<u>2,981,167</u>
Total capital assets being depreciated	<u>123,574,525</u>	<u>2,298,204</u>	<u>2,364,506</u>	<u>123,508,223</u>
Less accumulated depreciation for:				
Buildings	18,277,682	2,453,327	205,721	20,525,288
Improvements other than buildings	4,751,647	834,326	-	5,585,973
Equipment	5,699,811	820,481	1,741,926	4,778,366
Library books	<u>2,070,843</u>	<u>143,701</u>	<u>94,842</u>	<u>2,119,702</u>
Total accumulated depreciation	<u>30,799,983</u>	<u>4,251,835</u>	<u>2,042,489</u>	<u>33,009,329</u>
Total capital assets being depreciated, net	<u>92,774,542</u>	<u>(1,953,631)</u>	<u>322,017</u>	<u>90,498,894</u>
Capital assets, net	<u>\$98,492,004</u>	<u>\$ 2,341,519</u>	<u>\$ 472,450</u>	<u>\$100,361,073</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	\$2,916,848	\$951,178

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2009**

Note 6 - Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2009</u>	<u>Due Within One Year</u>
Compensated absences payable	\$1,010,867	\$924,026	\$857,129	\$1,077,764	\$126,628
Other	204,771	22,117	33,000	193,888	34,568
Total	<u>\$1,215,638</u>	<u>\$946,143</u>	<u>\$890,129</u>	<u>\$1,271,652</u>	<u>\$161,196</u>
Bonds payable:					
General obligation bonds	\$53,510,000	-	\$3,040,000	\$50,470,000	\$3,160,000
Revenue bonds	965,000	-	170,000	795,000	180,000
Total bonds payable	54,475,000	-	3,210,000	51,265,000	3,340,000
Capital leases payable	10,952,114	-	1,811,565	9,140,549	1,656,402
Total long-term debt	<u>\$65,427,114</u>	<u>-</u>	<u>\$5,021,565</u>	<u>\$60,405,549</u>	<u>\$4,996,402</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 \$561,993,781 as of June 30, 2009. Of this amount, the District has \$50,470,000 in general obligation bond debt applicable to the debt limit, leaving a legal debt margin of \$511,523,781.

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. In the current

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2009**

year, total revenues of \$7,025,586 were pledged to cover the principal and interest paid of \$170,000 and \$52,800, 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, 2009, were as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
General obligation bonds				
Project of 2001-Series A	\$25,955,000	7/1/10-22	4.25–4.75%	\$11,775,000
Project of 2001-Series B	25,000,000	7/1/10-24	3.25–4.75%	20,200,000
Project of 2001-Series C	19,500,000	7/1/10-25	3.63–5.00%	17,970,000
Series 2003-Refunding	5,175,000	7/1/10-11	3.75%	525,000
Revenue bonds				
Series 1993	2,500,000	7/1/10-12	6.00%	795,000

The following schedule details debt service requirements to maturity for the District's bonds payable at June 30, 2009:

	<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,				
2010	\$ 3,160,000	\$ 2,067,833	\$ 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	3,770,000	1,483,551	-	-
2015 – 19	21,345,000	4,934,471	-	-
2020 – 24	11,845,000	1,200,067	-	-
Total	<u>\$50,470,000</u>	<u>\$15,071,576</u>	<u>\$ 795,000</u>	<u>\$98,850</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, 2009:

<u>Description</u>	<u>Amount</u>
General Obligation Bonds	
Project of 1988-Series B	\$900,000

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2009**

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, 2009 are as follows:

Building & Equipment	\$8,261,406
Less: accumulated depreciation	<u>726,732</u>
Carrying value	<u>\$7,534,674</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 \$4,067,136 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, 2009.

Year ending June 30,		
2010		\$2,000,604
2011		1,760,168
2012		1,602,746
2013		1,018,078
2014		525,678
2015-2019		2,628,392
2020-2022		<u>1,445,616</u>
Total minimum lease payments		10,981,282
Less amount representing interest		<u>1,840,733</u>
Present value of net minimum lease payments		<u>\$9,140,549</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.

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

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2009**

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 \$23,219,456. 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, 2009. 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, 2009, active plan members were required by statute to contribute at the actuarially-determined rate of 9.45 percent (8.95 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 9.45 percent (7.99 percent for retirement, .96 percent for health insurance premium, and 0.5 percent long-term disability) of the members' annual covered payroll.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2009**

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

Years ended June 30,	<u>Retirement Fund</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
2009	\$1,324,902	\$159,208	\$82,895
2008	1,195,724	156,007	74,296
2007	1,039,017	144,513	68,750

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, 2009, 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, 2009, were as follows:

<u>Plan</u>	<u>Contribution Rate</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Total Contributions</u>
TIAA/CREF	7.0%	\$275,930	\$275,930	\$551,860
ING	7.0%	52,595	52,595	105,190
VALIC	7.0%	51,277	51,277	102,554

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2009**

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	\$33,578,149
Contract services	3,284,072
Supplies and other services	3,444,906
Communications and utilities	2,460,566
Scholarships	3,244,248
Depreciation	4,251,835
Other	<u>2,369,193</u>
Total	<u>\$52,632,969</u>

Note 10 – Discretely Presented Component Unit Disclosure

A. – Nature of Activities and Significant Accounting Policies

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 nonprofit entity, the Foundation is fiscally and organizationally separate from the state-governed College.

The major activities of the Foundation include providing scholarships to College students, capital additions to the College, administrative and financial services to the Community Events program for the College, and providing financial resources for many academic and vocational programs at the College. Resources to fund these activities are provided mainly from investment income, contributions, grants, and rents.

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

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2009**

students of the College and to the community at large. FRIENDS raises money through memberships, solicitation of donations, and other fundraising events.

The purpose of RRC is to provide support to the Yavapai College Intercollegiate Athletics Program through fundraising and promotional activities. RRC raises money primarily through memberships. It uses the money to pay expenses related to the athletics program not covered by the regular College athletic budget.

The purpose of PACE is to support operations by the College of the Yavapai College Community Events Programs. 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.

Estimates

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

Endowments

The Foundation maintains significant endowments and temporarily restricted funds that are used for scholarships and support of certain academic and athletic programs at the College. Disbursements from investment earnings for these programs are approved 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 the Community Events program. Investment income is allocated 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.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2009**

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

B. – Investments

The economic market in the United States experienced a major downturn in the fall of 2008. The Foundation transferred its investments from M&I Wealth Management to Contango Capital Advisors, and subsequently realized \$1,833,982 in losses from sales of investments deemed underperforming by Contango. \$19,775 of this loss was attributable to unrestricted net assets. From the remaining \$1,814,207 loss, \$1,127,093 was applied against the carrying value of donor-restricted endowment funds to bring their value down to their historical cost. The remaining portion, \$687,114, was applied against unrestricted net assets as the aggregate amount of deficiencies allocated to unrestricted net assets for donor-restricted endowment funds so affected at June 30, 2009. The Foundation's Board considers this impairment to be temporary.

The estimated fair values of the Foundation's investments are as follows:

	<u>Amount</u>
Balance by investment	
Contango Capital Advisors pooled investments	\$ 6,413,069
Arizona Community Foundation	51,603
Total	<u>\$ 6,464,672</u>
Balance by restriction	
Permanently restricted	\$ 5,794,044
Temporarily restricted	638,605
Unrestricted investments	32,023
Total	<u>\$ 6,464,672</u>

The following table presents information about the Foundation's investments measured at fair value on a recurring basis at June 30, 2009, and the valuation techniques used by the Foundation to determine those fair values. In general, fair values determined by Level 1 inputs use quoted prices in active markets. An active

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
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June 30, 2009**

market for the investment is a market in which transactions for the investment occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market provides the most reliable inputs, which are obtained directly from investment statements prepared by the institution holding the investments. At June 30, 2009 the Foundation held no Level 2 or Level 3 investments.

	<u>Fair Value</u>	<u>Quoted Prices In Active Markets For Identical Assets (Level 1)</u>
Equities	\$ 407,621	\$ 407,621
Bonds	2,860,935	2,860,935
Mutual Funds	1,096,394	1,096,394
Contango Fidelity Core Account	<u>2,099,722</u>	<u>2,099,722</u>
Total	<u>\$ 6,464,672</u>	<u>\$ 6,464,672</u>

C. – 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>
Community Events Program	\$ 500,572
Scholarships	135,138
PACE	76,287
LeGate chair	79,727
Restricted gifts to College	124,983
Other miscellaneous activities	<u>42,189</u>
	<u>\$ 958,896</u>

**STATISTICAL
SECTION**

Yavapai
COLLEGE
Your community. Your college.

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

	2008/09	2007/08	2006/07	2005/06 (2)	2004/05 (1)	2003/04	2002/03	2001/02
Invested in capital assets, net of related debt	\$44,715,778	\$40,432,861	\$33,700,448	\$30,615,411	\$ 26,666,133	\$25,726,907	\$22,543,558	\$17,826,836
Restricted - expendable	1,332,000	1,171,953	1,493,545	1,193,320	3,417,689	2,621,323	1,792,072	2,039,017
Restricted - nonexpendable	617,676	559,175	553,992	554,901	542,806	556,339	582,022	622,759
Unrestricted	11,571,245	9,529,847	6,863,655	5,728,035	3,935,874	2,600,345	2,025,154	1,624,642
Total net assets	\$58,236,699	\$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 eight 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 eight 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 Eight Fiscal Years

	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02
Operating expenses:								
Educational and general:								
Instruction	\$ 17,525,630	\$ 16,216,739	\$ 15,175,652	\$ 14,063,388	\$ 13,501,501	\$ 12,118,617	\$ 11,642,200	\$ 11,601,616
Public service	445,716	482,123	469,694	427,283	536,325	645,631	529,506	536,281
Academic support	3,877,549	3,550,891	3,431,924	3,360,252	3,745,522	3,122,713	3,256,483	3,108,890
Student services	4,423,646	4,423,089	3,799,884	3,632,561	3,553,447	2,439,897	3,506,706	3,336,776
Institutional support	10,472,894	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	5,241,506	5,899,368	6,054,495	6,678,206	7,791,233	8,822,310	3,794,370	4,180,510
Scholarships	3,244,248	2,385,237	2,142,681	2,235,781	2,420,745	2,024,227	2,047,934	1,618,905
Auxiliary enterprises	3,149,945	4,087,342	5,735,654	5,928,988	4,755,382	5,709,607	5,593,274	6,253,473
Depreciation	4,251,835	4,009,537	3,524,995	2,648,059	2,073,464	1,715,650	1,602,905	1,499,182
Total operating expenses	52,632,969	50,535,152	49,342,810	47,387,713	46,619,605	43,202,413	39,766,359	39,606,188
Operating revenues:								
Tuition and fees pledged as security for revenue bonds	5,395,124	6,402,070	7,063,707	6,543,317	5,920,182	5,815,139	5,092,023	5,743,255
Bookstore sales	127,093	127,202	122,752	109,525	112,407	152,844	122,549	111,627
Food service sales pledged as security for revenue bonds	189,630	196,719	185,637	256,930	270,131	394,890	410,905	431,637
Dormitory rentals pledged as security for revenue bonds	311,967	306,994	253,497	289,668	262,246	323,650	317,225	326,812
Other	802,981	883,519	969,866	1,343,169	1,251,091	1,428,657	1,447,689	1,400,640
Total operating revenues	6,826,795	7,918,504	8,595,459	8,542,609	7,816,057	8,115,180	7,390,391	8,013,971
Operating loss	(45,806,174)	(42,616,648)	(40,747,351)	(38,845,104)	(38,803,548)	(35,087,233)	(32,375,968)	(31,592,217)
Nonoperating revenues (expenses):								
Property taxes	40,242,345	38,126,821	35,439,097	33,086,999	31,369,540	28,782,021	27,659,035	25,163,069
Government grants and contracts	7,764,046	5,567,413	4,965,960	4,705,133	4,967,630	5,677,475	5,121,854	4,262,416
State appropriations	4,523,974	4,820,400	4,738,700	4,738,700	4,724,400	4,569,100	4,569,100	4,895,200
Share of state sales taxes	575,637	645,345	661,207	527,127	505,338	483,665	457,449	409,676
Private gifts	368,773	1,036,345	258,992	358,063	297,474	251,758	71,519	31,900
Investment earnings	327,532	726,726	958,016	817,166	399,527	498,605	128,400	682,068
Interest expense on debt	(2,554,248)	(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	1,035,796	-	(2,911)	(6,007)	-	-	4,935	5,771
Total nonoperating revenues	52,283,855	48,196,323	44,543,414	41,667,369	40,587,067	38,570,309	36,638,120	33,949,030
Income before other revenues, expenses, gains or losses	6,477,681	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	65,182	2,798,621	45,410	-	-	28,977	-	5,867
Increase in net assets	\$ 6,542,863	\$ 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 eight 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 eight 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)
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
2008/09	37,614,068	37,614,067	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
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%
2008/09	40,572,257	38,855,855	95.77%	1,171,302	40,027,157	98.66%

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			
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%
2008/09	2,094,798,703	803,911,861	55,888,168	2,954,598,732	1.3394	23,973,791,761	12.32%

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
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)
2008/09	1.1989(p)	1.3683(p)	.1839(p)	.7600(p)	1.2310(p)	8.4913(p)
	.1405(s)	.3465(s)	.0711(s)	3.2500(s)	.0504(s)	.9388(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
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	1,676,029,540	1.5626	26,189,638	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
2008/09	2,954,598,732	1.1989	35,422,684	3,746,625,208	.1405	5,264,008

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

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

Taxpayer	2008 Primary Assessed Valuation	Rank	Percent of Yavapai County's 2008/09 Primary Assessed Valuation	1999 Primary Assessed Valuation (1)	Rank	Percent of Yavapai County's 1999/00 Primary Assessed Valuation
Phelps Dodge Bagdad Copper Company	\$ 179,506,958	1	6.08%	\$ 28,881,927	2	2.63%
Arizona Public Service	75,291,721	2	2.55%	49,460,669	1	4.51%
Salt River Pima-Maricopa Indian Community	30,017,712	3	1.02%	-	-	-
Qwest	16,895,362	4	0.57%	17,756,120	3	1.62%
Unisource Energy Corporation	13,669,841	5	0.46%	7,875,102	4	0.72%
TWC II - Prescott Mall LLC	10,118,002	6	0.34%	-	-	-
El Paso Natural Gas Company	9,995,330	7	0.34%	6,859,805	6	0.63%
New Enchantment LLC	9,780,077	8	0.33%			
Burlington Northern Santa Fe Railroad	9,136,504	9	0.31%	5,375,550	7	0.49%
Walmart Stores, Inc.	8,756,686	10	0.30%	-	-	-
Transwestern Pipeline Company				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>\$ 363,168,193</u>		<u>12.30%</u>	<u>\$ 132,056,906</u>		<u>12.04%</u>

Source: Yavapai County Assessor.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
 TUITION SCHEDULE
 Last Ten Fiscal Years

Fiscal Year	Annual Tuition Rates (1)	Tuition per Credit Hour
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
2008/09	1,560	52

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)
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	1.06%	297
2008/09	50,470,000	795,000	-	9,140,549	60,405,549	0.94%	266

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

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Secondary Assessed Value	\$ 1,186,775,025	\$ 1,247,635,912	\$ 1,344,616,822	\$ 1,450,497,580	\$ 1,602,480,129	\$ 1,783,968,336	\$ 2,020,575,209	\$ 2,302,712,940	\$ 2,853,059,731	\$ 3,746,625,208
Legal Debt Margin										
Debt limit - 15% of secondary assessed value	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	561,993,781
Amount of debt applicable to debt limit:										
General obligation bonded debt	(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)	(50,470,000)
Legal debt margin	\$ 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	\$ 511,523,781
Total general obligation bonded debt as a percentage of legal debt limit	4.50%	3.93%	13.96%	10.97%	19.00%	23.07%	19.54%	16.34%	12.50%	6.98%

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
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
2008/09	227,468	3,746,625,208	50,470,000	929,506	49,540,494	1.32%	217.79

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
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%
2008/09	3,040,000	2,187,883	5,227,883	52,632,969	9.93%

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, 2009

Jurisdiction	Debt Outstanding
<u>Direct Debt:</u>	
Yavapai County Community College District	\$ 50,470,000
Total direct debt	<u>50,470,000</u>
<u>Overlapping Debt(1):</u>	
School Districts	158,480,000
City of Prescott	6,240,000
Jail District	<u>5,165,000</u>
Total overlapping debt	<u>169,885,000</u>
Total direct and overlapping debt	<u>\$ 220,355,000</u>

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		
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
2008/09	7,025,586	170,000	52,800	222,800	31.53

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, 2009

Employment by Sector	Employees
Mining and Construction	8,300
Education and Health Services	10,100
Financial Activities	2,500
Government	12,800
Leisure and Hospitality	8,400
Manufacturing	3,100
Professional and Business Services	4,200
Trade, Transportation and Utilities	12,600
Information	600

Employment by Occupation	Percent of Total
Office & Administrative Support	22.3%
Food Preparation & Serving Related	15.1%
Construction & Extraction	12.5%
Sales & Related	14.4%
Education, Training & Library	8.0%
Transportation & Material Moving	7.5%
Healthcare Practitioners & Technical	8.3%
Production	5.8%
Management	6.0%

Unemployment Rate	8.7%
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Labor Force	101,500
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Source: Arizona Department of Commerce and United States Department of Labor.

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

Major Employers	FY 2008/09			FY 1999/2000		
	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
Yavapai County	1,505	1	1.48%	1,213	1	1.83%
Yavapai Regional Medical Center	1,491	2	1.47%	730	3	1.10%
Verde Valley Medical Center	850	3	0.84%	351	9	0.53%
Veterans Medical Center	823	4	0.81%	550	5	0.83%
Wal-Mart	806	5	0.79%	-	-	-
Cyprus Bagdad Copper Mine	800	6	0.79%	535	6	0.81%
Prescott Unified School District	754	7	0.74%	573	4	0.87%
Yavapai College	726	8	0.72%	468	7	0.71%
City of Prescott	504	9	0.50%	385	8	0.58%
State of Arizona	438	10	0.43%	330	10	0.50%
Sturm Ruger & Company	-	-	-	1,176	2	1.78%
Total	8,697		8.57%	6,311		9.54%

Source: City of Prescott and District records.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
 MISCELLANEOUS STATISTICS
 June 30, 2009

Established	July 1, 1966
Geographical Location	West Central portion of Arizona
County Seat	Prescott

Population	1990	2000	2009
Yavapai County	107,714	167,517	227,468
State of Arizona	3,665,228	5,130,632	6,622,885

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%
TOTAL	100.0%

* Population composition is based on 2000 census - estimated for 2009.

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)
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	6,158,875	27,973
2008/09	227,468	6,457,289	28,388

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 2007/08 and 2008/09. 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
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%
2008/09	17.7%	82.3%	40.0%	59.8%	82.4%	4.4%	12.8%	0.4%

Fiscal Year	Degrees Awarded	Certificates Awarded
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
2008/09	423	399

Fiscal Year	Age		Ethnic Background					Other/ Unknown
	Median	Mean	American Indian	Asian American	Hispanic	African American	White	
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%
2008/09	30	36	3.0%	1.4%	8.2%	1.0%	80.4%	6.0%

Source: District records.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
 HISTORIC ENROLLMENT
 Last Ten Fiscal Years

	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02	2000/01	1999/00
Headcount	14,139	15,582	16,312	15,936	13,398	14,463	14,212	14,426	13,838	11,645

FTSE by Campus	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02	2000/01	1999/00
Prescott	2,398	2,208	2,141	1,954	1,882	1,962	2,047	1,944	1,800	1,825
Verde	714	694	701	692	624	549	551	537	559	514
Sedona	102	110	135	129	125	136	123	112	97	74
Prescott Valley	371	335	364	269	290	273	220	214	171	214
Chino Valley	138	142	133	127	121	109	80	77	67	57
Elderhostel (1)	-	-	72	112	95	146	136	169	166	117
CTEC (2)	137	111	-	-	-	-	-	-	-	-
Other (3)	25	90	71	69	94	96	99	57	76	84
Total District	3,885	3,690	3,617	3,352	3,231	3,271	3,256	3,110	2,936	2,885

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 Ten Fiscal Years

	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02	2000/01	1999/00
Faculty										
Regular	104	101	102	97	97	92	95	93	87	86
Adjunct	476	523	474	330	342	368	572	572	547	530
Staff										
Regular	329	318	317	284	307	318	288	289	258	237
Temporary (1)	182	180	177	188	198	230	224	200	147	73

Source: District records.

Note 1: Temporary staff amounts are based on full-time equivalents.

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

Asset Type	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02
Computers and Peripherals	\$ 1,225,045	\$ 1,452,005	\$ 1,161,346	\$ 1,173,513	\$ 979,865	\$ 885,220	\$ 742,745	\$ 946,837
Network Equipment	754,356	1,127,448	1,118,033	1,155,303	1,144,747	1,193,463	1,153,467	1,015,399
Audio Visual Equipment	175,567	480,767	481,299	506,007	541,896	541,896	561,457	487,272
Office Equipment & Furniture	3,514,671	3,400,251	2,624,374	2,386,269	2,081,358	1,433,432	990,060	915,841
Telephone Equipment	258,790	252,283	252,283	252,283	252,283	628,136	628,136	609,430
Software	1,918,654	1,286,076	-	-	-	-	-	-
Vehicles	1,182,290	1,214,607	1,136,409	1,094,994	1,089,436	1,064,419	1,011,240	855,814
Library Books	2,981,169	2,916,756	2,762,515	2,647,200	2,528,669	2,473,365	2,347,696	2,259,848
Buildings	98,435,112	98,123,350	93,591,763	78,882,085	64,944,116	44,835,295	33,948,681	33,293,833
Construction in Progress	2,927,638	834,346	12,239	7,779,699	18,097,827	21,560,868	10,288,928	-
Site Improvements	14,981,222	14,607,058	14,231,150	12,710,508	4,729,052	4,605,295	4,025,390	4,025,390
Land	5,015,889	3,597,041	1,975,535	1,975,535	1,975,535	1,975,535	1,975,536	964,383
	<u>\$ 133,370,403</u>	<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.