

**COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT**

**For the fiscal year  
ended June 30, 2011**

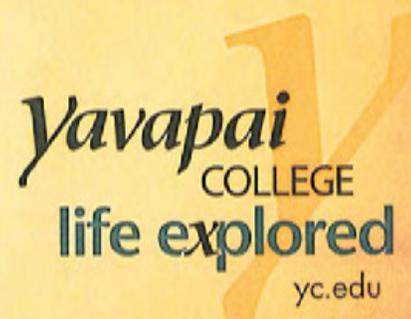
**PRESCOTT**

**VERDE VALLEY**

**PRESCOTT VALLEY**

**CHINO VALLEY**

**SEDONA**



**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](http://www.yc.edu)

For the fiscal year  
ended June 30, 2011

**Yavapai County Community College District  
Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2011**

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# INTRODUCTORY SECTION

December 2, 2011

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, 2011, 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 2010 population (provided by the US Census Bureau) of 211,033 and a population density of 26 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 will continue to produce population growth in Yavapai County over the next decade.

The State's economy has stabilized and the consensus among Arizona economists is that the worst is over. The recovery has continued to be very slow and there are a small group of economists who believe that another recession is likely by the end of 2012. It will most likely take years for the economy in Arizona to grow at the robust pace that it did during this past decade. Yavapai County's economic condition is consistent with the state. Property taxes provide the majority of funding for the District. We expect the growth in total assessed values to continue to slow into next fiscal year and the primary property tax levy to increase minimally due to new construction. This is a result of the slow real estate market and the weak residential and commercial construction industry.

The District's appropriation was cut by \$3.4 million or nearly 80% for fiscal year 2011-12. This represents approximately \$900,000 for the coming fiscal year, less than 2% of the total operating budget. While the revenues received by the state have been above budget for fiscal year 2010-11, the state's budget health is still very fragile due to the economic uncertainty at the national and international level. It is uncertain whether the District will see future cuts in state funding.

## **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**

The District is building a new Chilled Water Plant on the Prescott campus. The new plant replaces an aging system and was designed to meet the current and future cooling needs of the Prescott campus. Design work and construction of the site piping distribution system were completed in the fall of 2010. Construction of the plant began in May 2011 and is expected to be completed in the spring of 2012. Most of the project is being funded with pledged revenue obligation proceeds.

The District began a project in May 2011 to renovate the Performance Hall. Much of the interior was redone including new flooring, paint and wallpaper, box seating reconfiguration, theatrical and house lighting, audio visual and a new ceiling. The project was completed in the fall of 2011. Funds from the District's Future Capital Projects Accumulation Fund were used for the renovation.

The last major project is the building of an outdoor Pavilion on the Verde campus. Construction of the Pavilion began in April of 2011 and concluded in October of 2011. The Pavilion is a focal point and central meeting place for students, staff and community members. The District plans to use the Pavilion regularly for special events. Funds from the District's Future Capital Projects Accumulation Fund were used to build the Pavilion.

## **Enrollment**

The District continues to experience moderate growth in enrollment even in the face of budget cuts and economic strains. Growth is due to a shift in more full-time students and an overall increase in carrying load. Total credit and non-credit enrollment remains steady at about 15,000 students. Individual programs with double digit FTSE enrollment increases include Administration of Justice, Allied Health Services, Automotive, Aviation, Business Administration, Communications, Computer Network Technology, Math, Police Certification Program, Psychology, and Sociology.

## **Student Achievement**

Student accomplishments continue to be our most important gauge of success. Four students were named to the 2010 All-Arizona Academic Team. All-Arizona Academic Team members receive tuition waivers to an Arizona University of their choice, courtesy of the Arizona Board of Regents. A total of 1,077 students earned degrees or certificates which represents an increase of 2% over the previous year. Throughout the course of the academic year, 133 students completed the Career Skills program, 48 students graduated from the Northern Arizona Regional Training Academy, and 130 students completed all requirements of the Nursing Program. In addition, approximately 120 students completed studies and passed the exam to earn a high school equivalency diploma.

## **NAU Yavapai Regional University**

The District and NAU have accomplished one of the most innovative initiatives to date in Arizona with the opening of the NAU Yavapai Regional University's campus in Prescott Valley in the fall of 2010. This partnership is one of the first steps addressing the Arizona Board of Regents call to revise the current university system and offer students lower-cost baccalaureate degrees. NAU Yavapai is in its second year and is poised for substantial growth going forward.

## **Enterprise Resource Planning (ERP) system – Banner**

Over the last several years the District has successfully implemented the majority of the modules that are part of its new enterprise resource planning (ERP) system. The final two components of the ERP system, the room scheduling application and enterprise data warehouse, will be implemented during fiscal year 2011-12.

## **FUTURE PROGRAM INITIATIVES**

The District is offering two new associate degrees in fiscal year 2011-12. An applied Pre-Engineering degree was offered in the fall and is designed to provide students with both a strong conceptual base and a working knowledge of engineering concepts. For the spring semester the District will be offering an associate degree in Professional Pilot – Airplane which will provide students with the necessary skills and Federal Aviation Administration certificates to gain employment as a commercial pilot or flight instructor.

Beginning in the fall 2011 the District began offering several new certificates including Computer Numerical Controlled Machining, Electronics Technology, Law Enforcement and Corrections, Justice Studies, and Viticulture. These new certificate programs will prepare students for various careers in these industries through a combination of lecture, group discussion and hands on skill building experiences.

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 and a collateralized savings account with Wells Fargo. Both have provided the District with safe liquid investments.

### **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, 2010. This was the eleventh 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,

Clint Ewell  
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, 2010

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.



A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT**

**PRINCIPAL OFFICERS**

June 30, 2011

**DISTRICT GOVERNING BOARD**

Dr. Dale Fitzner, *Chair, District 2*

Mr. Ray Sigafos, *Secretary, District 3*

Dr. Patricia McCarver, *District 1*

Mr. Charles Leon, *District 4*

Mr. Herald Harrington, *District 5*

**PRESIDENT**

Dr. James F. Horton

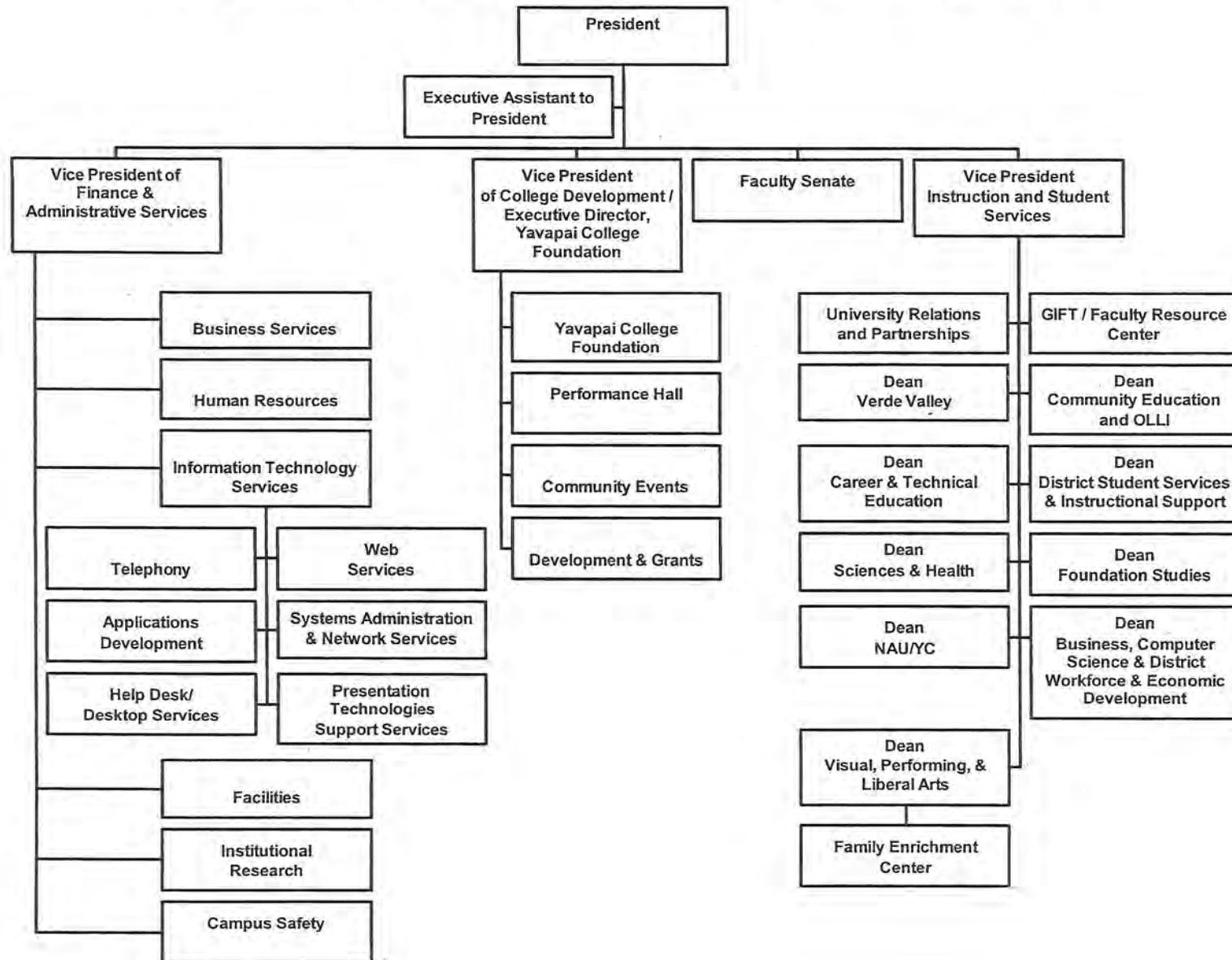
**ADMINISTRATION**

Dr. Greg Gillespie, *Vice President of Instruction and Student Services*

Mr. Clint Ewell, *Vice President of Administrative Services*

# Yavapai County Community College District

## Organizational Chart as of June 30, 2011



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FINANCIAL  
SECTION



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## INDEPENDENT AUDITORS' REPORT

Auditor General of the State of Arizona

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, 2011 which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of 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 solely 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 respective financial position of the business-type activities and discretely presented component unit of Yavapai County Community College District as of June 30, 2011 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Auditor General of the State of Arizona

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 the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

*LarsonAllen LLP*

**LarsonAllen LLP**

Mesa, Arizona  
December 2, 2011

December 2, 2011

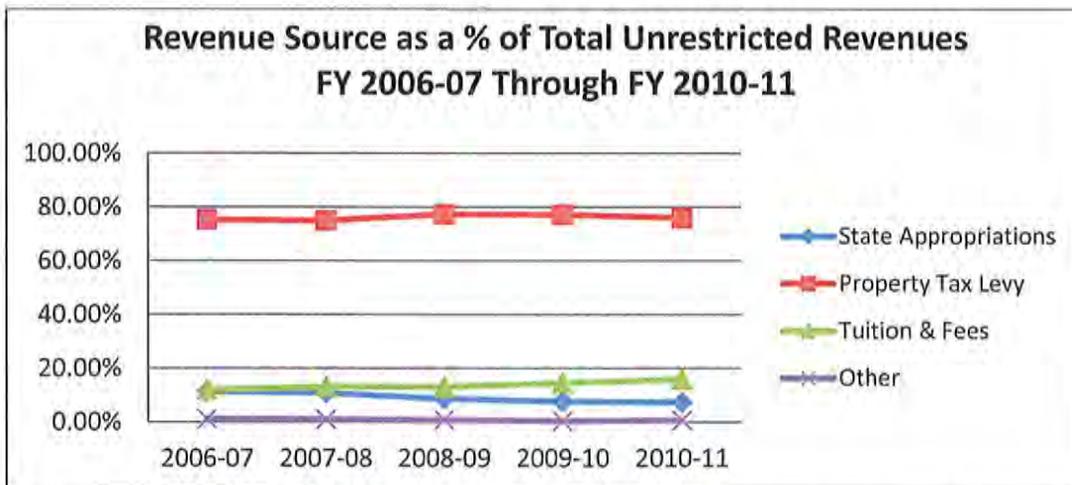
## **MANAGEMENT'S DISCUSSION and ANALYSIS**

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, 2011. 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 22.

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 and tuition and fees. 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 five years, property taxes and other revenues as a percent of total revenues have generally risen while the proportionate share of state appropriations has declined. This trend will continue as the District's state appropriation was reduced by

\$3.4 million, or almost 80%, for fiscal year 2011-12. To handle this significant cut the District implemented several cost cutting initiatives including the elimination of numerous positions, reduction of institutional scholarships, elimination of two sports programs and a reduction in the size of several academic programs. In addition, the District increased tuition and fees by approximately 8.0%.

The assets of the District exceeded its liabilities at the close of the fiscal year by \$76,587,228. Of this amount, \$21,245,920 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 \$11,297,715. Investments in capital assets, net of related debt, increased by \$5,639,119 (11.9%). Restricted net assets increased by \$275,645 (13.3%) and unrestricted net assets increased by \$5,382,951 (33.9%).

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, 2011. It shows the various assets owned or controlled, related liabilities and other obligations, and the various categories of net assets. Net assets is an accounting concept defined as total assets less total liabilities and 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, 2011. 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, 2011. 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**

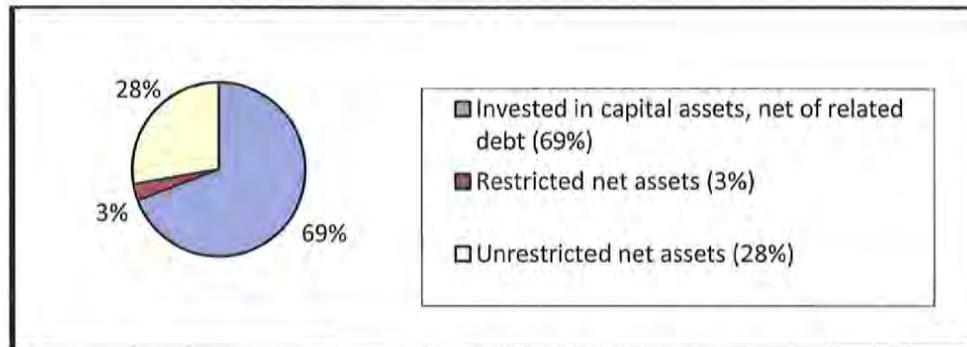
	<u>6/30/2011</u>	<u>6/30/2010</u>
<b>Assets:</b>		
Current assets	\$ 31,329,194	\$ 26,097,373
Noncurrent assets, other than capital assets	10,659,358	2,081,658
Capital assets, net of depreciation	<u>100,799,143</u>	<u>99,615,477</u>
Total assets	<u>142,787,695</u>	<u>127,794,508</u>
<b>Liabilities:</b>		
Other liabilities	4,321,299	5,318,988
Long-term liabilities	<u>61,879,168</u>	<u>57,186,007</u>
Total liabilities	<u>66,200,467</u>	<u>62,504,995</u>
<b>Net assets:</b>		
Invested in capital assets, net of related debt	52,993,496	47,354,377
Restricted net assets	2,347,812	2,072,167
Unrestricted net assets	<u>21,245,920</u>	<u>15,862,969</u>
Total net assets	<u>\$76,587,228</u>	<u>\$65,289,513</u>

Current assets increased by \$5,231,821 primarily as a result of increased cash and cash equivalents from the positive results of operations and the accrual of a receivable related to the settlement of litigation. The issuance of pledged revenue obligations caused the noncurrent assets, other than capital assets, to increase. The increase in capital assets, net of depreciation, was attributable to the increase in construction in progress and equipment purchased during the fiscal year, offset by depreciation. The decrease in current liabilities was accredited to a decrease in general payables, accrued payroll and deferred fall tuition revenue at year-end. The increase in long-term liabilities was a result of the issuance of pledged revenue obligations. This increase was partially off-set by principal payments made on capital leases, general obligation and revenue bonds.

The District's capital assets, net of related debt, increased by \$5,639,119 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 primarily attributed to the operating and facility contingency budgets which were not used during the fiscal year and the District accrued

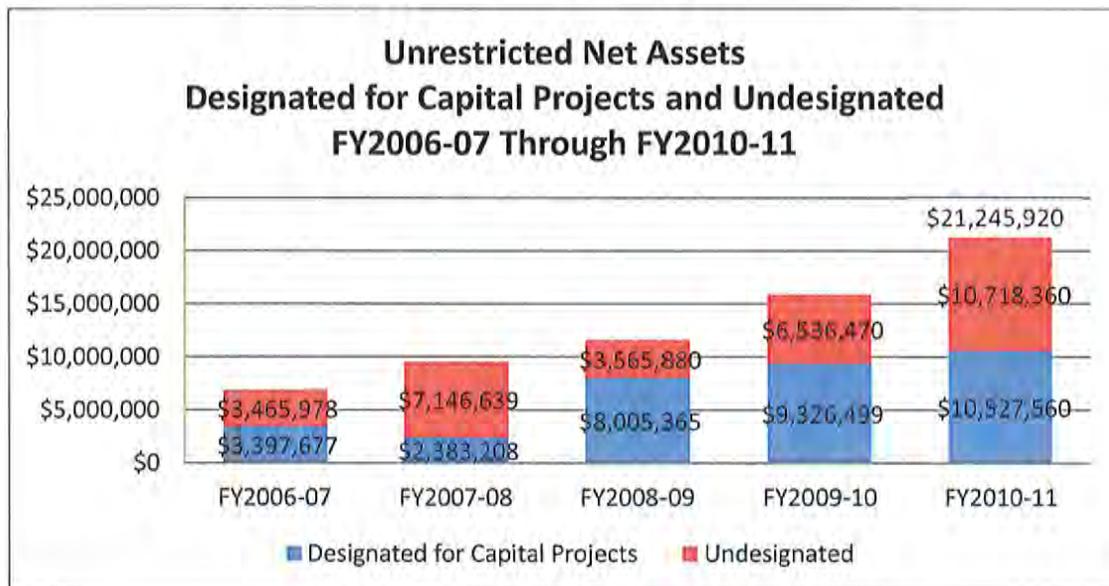
a receivable related to the settlement of litigation.

### Net Assets As of June 30, 2011



As noted earlier, net assets reflect the financial position of the District. The largest portion of the District's net assets (69 percent) reflects the investment in capital assets (e.g., land, buildings, improvements other than buildings, etc.), 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.

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 \$21,245,920 may be used to meet the District's ongoing mission to the public. The District's Governing Board has designated a portion of the unrestricted net assets to be used for capital projects. The following graph illustrates the breakdown between designated and undesignated as well as the positive trend in the District's unrestricted net assets over the last five fiscal years.



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>6/30/2011</u>	<u>6/30/2010</u>
<b>Revenues</b>		
Operating:		
Tuition and fees	\$ 7,453,699	\$ 6,853,199
Other	1,836,302	1,619,356
Nonoperating:		
Property taxes	43,357,697	41,853,443
Government grants	12,132,545	9,945,752
State aid	4,700,545	4,721,705
Investment earnings	96,181	85,984
Other	866,820	691,196
Settlement of litigation	1,800,000	-
Gain on disposal of capital assets	1,395	3,590
Total revenues	<u>72,245,184</u>	<u>65,774,225</u>
<b>Expenses</b>		
Operating:		
Educational and general:		
Instruction	18,775,348	18,706,094
Public service	417,983	422,084
Academic support	5,163,892	5,305,978
Student services	4,799,851	4,488,132
Institutional support	8,048,375	8,040,029
Operation and maintenance of plant	5,085,259	4,929,835
Scholarships	8,246,942	6,880,339
Auxiliary enterprises	3,272,931	3,156,306
Depreciation	<u>4,747,968</u>	<u>4,667,983</u>
Total operating expenses	58,558,549	56,596,780
Nonoperating		
Interest expense on debt	<u>2,388,920</u>	<u>2,442,999</u>
Total expenses	<u>60,947,469</u>	<u>59,039,779</u>
Income before other revenues, expenses, gains, or losses	11,297,715	6,734,446
Capital grants and gifts	<u>-</u>	<u>318,368</u>
Increase in net assets	11,297,715	7,052,814
Total net assets, July 1	<u>65,289,513</u>	<u>58,236,699</u>
<b>Total net assets, June 30</b>	<u>\$76,587,228</u>	<u>\$65,289,513</u>

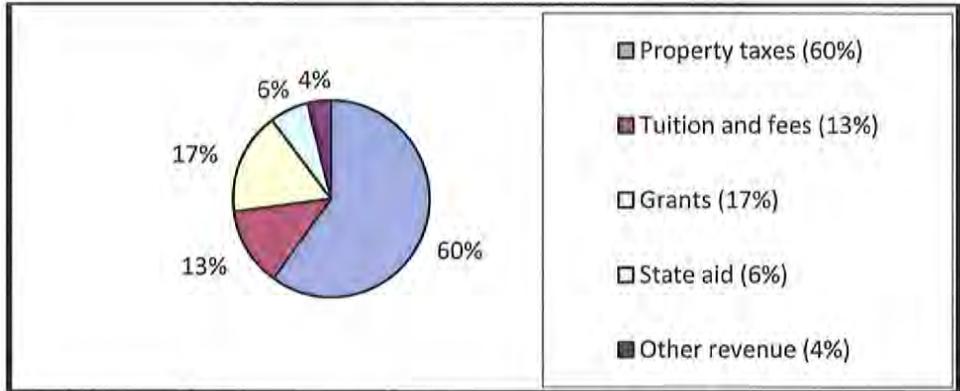
Revenues are separated into two categories -- operating and nonoperating. For a description of the difference between operating and nonoperating, please refer to the Summary of Significant Accounting Policies (Note 1).

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.

Tuition and fee revenues increased due to higher enrollment and a 6.9% tuition rate increase. Government grants increased from the prior year due to more Pell grants being awarded. This was partially offset by a net decrease in other federal grant revenue. Lastly, the District accrued revenue from the settlement of litigation.

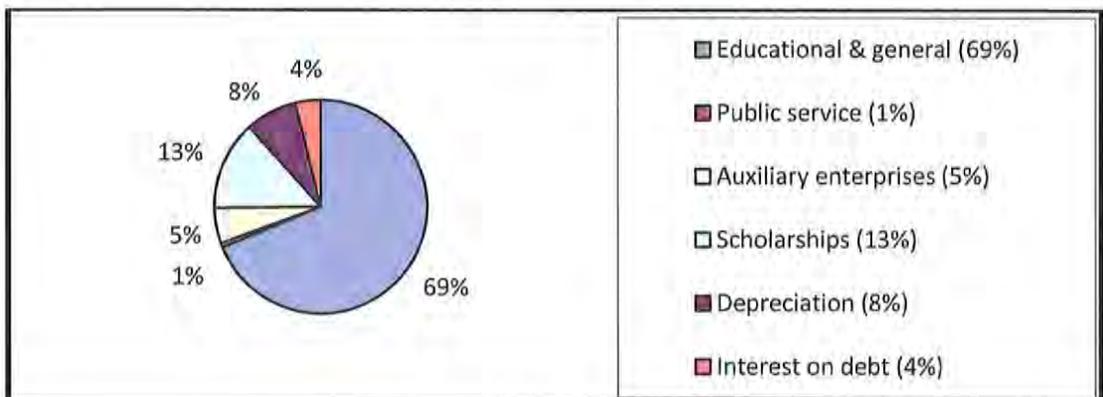
**Revenues by Source  
Fiscal Year 2011**



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 \$1,907,690. The majority of this increase was due to increased scholarship expenses, specifically the amount of Pell grants awarded to students. The remaining amount of the increase was a result of modest salary increases (.5% to 1%) given to employees to cover higher health insurance and retirement premiums.

**Expenses by Function  
Fiscal Year 2011**



## **Capital Assets and Debt Management**

The District had several major capital projects in progress at the end of the fiscal year including the building of a new Chilled Water Plant on the Prescott campus, the renovation of the Performance Hall on the Prescott campus and the building of an outdoor Pavilion on the Verde campus. The new Chilled Water Plant replaces an aging system and was designed to meet the current and future cooling needs of the Prescott campus. Construction of the plant began in May 2011 and is expected to be completed in the spring of 2012. Most of the project is being funded with pledged revenue obligation proceeds.

Funds from the District's Future Capital Projects Accumulation Fund were used for the renovation of the Performance Hall and the building of the outdoor Pavilion on the Verde campus. Both projects were completed in the fall of 2011.

Over the last several years the District has successfully implemented the majority of the modules that are part of its new enterprise resource planning (ERP) system. The final two components of the ERP system, the room scheduling application and enterprise data warehouse, will be implemented during fiscal year 2011-12. Lease purchase proceeds were used to purchase the ERP system and the 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 \$4,747,968 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 4 to the basic financial statements.

The District's general obligation bond debt issues are rated Aa2 by Moody's Investors Service and AA- by Standard & Poors. These high quality ratings are a result of the District's diverse tax base, solid financial policies and performance, including operating surpluses for the past several years and a very low debt burden. The District's revenue bond debt issue was upgraded from A- to A by Standard & Poors in December 2010. The newly issued pledged revenue obligations are rated Aa3 by Moody's Investors Service and AA+ by Standard & Poors. During the fiscal year, there have been no adverse changes in credit ratings or debt limitations that may affect future financing for the District.

On February 10, 2011, the District refunded its series 2001 general obligation bonds in the amount of \$9,640,000. The 2001 series were part of \$69.5 million of general obligation bonds that were issued to fund the Master Plan project of 2000. By refunding these general obligations bonds the District saves \$587,000 in interest costs over the life of the bonds, or \$500,000 at the present value, which translates into lower taxes for the District's taxpayers. These savings are net of any costs incurred during the refunding process.

On April 16, 2011, the District issued \$14,000,000 of pledged revenue obligations. A portion of the proceeds were used to prepay an existing lease and the remaining \$9,435,487 will be used to pay the costs of constructing the Prescott Chiller Water Plant and Clarkdale Central Plant and to pay the cost of issuing the obligations. The District has pledged future tuition, fees, and dormitory rentals to repay the obligations.

During fiscal year 2010-11, the District added \$24,196,233 to its outstanding long-term debt and reduced it by \$19,443,640. Long-term debt outstanding at June 30, 2011, is as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
<b>General obligation bonds</b>				
Project of 2001-Series B	\$ 25,000,000	7/1/11-23	3.25–4.75%	\$ 18,700,000
Project of 2001-Series C	19,500,000	7/1/11-24	3.75–5.00%	15,670,000
GO Refunding 2011	9,640,000	7/1/11-21	1.00–5.00%	9,565,000
<b>Revenue bonds</b>				
Series 1993	2,500,000	7/1/11-12	6.00%	420,000
<b>Pledged revenue obligations</b>				
Series 2011	14,000,000	7/1/11-25	2.00–5.00%	13,910,000
<b>Capital leases</b>				
Various	5,308,954	7/1/11-15	3.27–5.15%	1,787,090

Additional information on the District's outstanding debt can be found in Note 5 to the basic financial statements.

### **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, 2011

	Business Type Activities
<b>ASSETS:</b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 25,647,434
Receivables (net of allowances for uncollectibles)	
Accounts	152,462
Property taxes	1,822,289
Government grants and contracts	576,700
Student loans, current portion	188,168
Settlement of Litigation	1,800,000
Other	329,636
Prepaid expenses	298,386
Deferred charges	514,119
Total current assets	31,329,194
<b>Noncurrent assets:</b>	
Restricted assets:	
Cash and cash equivalents held by trustee	10,220,465
Property taxes (net of allowances for uncollectibles)	255,338
Student loans receivable	181,805
Other receivables	1,750
Capital assets, not being depreciated	9,443,695
Capital assets, being depreciated, net	91,355,448
Total noncurrent assets	111,458,501
Total assets	142,787,695
<b>LIABILITIES:</b>	
<b>Current liabilities:</b>	
Accounts payable	596,932
Accrued payroll and employee benefits	2,476,937
Interest payable	14,817
Deposits held in custody for others	246,126
Deferred revenues	927,387
Dormitory deposits	59,100
Current portion of compensated absences payable	100,324
Current portion of long-term debt	5,650,150
Current portion of other long-term liabilities	28,842
Total current liabilities	10,100,615
<b>Noncurrent liabilities:</b>	
Compensated absences payable	1,026,841
Long-term debt	54,939,752
Other	133,259
Total noncurrent liabilities	56,099,852
Total liabilities	66,200,467
<b>NET ASSETS:</b>	
Invested in capital assets, net of related debt	52,993,496
Restricted:	
Nonexpendable:	
Student loans	581,183
Expendable:	
Grants and contracts	595,059
Debt service	1,171,570
Unrestricted	21,245,920
Total net assets	\$ 76,587,228

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Statement of Financial Position - Component Unit  
June 30, 2011**

		<b>Yavapai College Foundation</b>
<b>ASSETS:</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents		\$ 302,128
Restricted cash		221,753
Certificates of deposit		556,040
Promises to give		26,955
	<b>TOTAL CURRENT ASSETS</b>	<b>1,106,876</b>
PROPERTY AND EQUIPMENT, net		332,957
INVESTMENTS		8,236,344
PROPERTIES HELD FOR SALE		428,000
OTHER ASSETS		18,500
	<b>TOTAL ASSETS</b>	<b>\$ 10,122,677</b>
<b>LIABILITIES AND NET ASSETS:</b>		
Due to Yavapai College		\$ 133,999
Scholarships payable		160,924
Deferred revenue		147,984
	<b>TOTAL CURRENT LIABILITIES</b>	<b>442,907</b>
<b>NET ASSETS</b>		
Unrestricted:		
Undesignated		601,554
Designated		508,507
Total unrestricted		1,110,061
Temporarily restricted		1,596,181
Permanently restricted		6,973,528
	<b>TOTAL NET ASSETS</b>	<b>9,679,770</b>
	<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 10,122,677</b>

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, 2011**

	<b>Business Type Activities</b>
<b>Operating revenues:</b>	
Tuition and fees (net of scholarship allowances of \$2,519,407)	\$ 7,453,699
Bookstore sales	99,668
Food service income	40,077
Dormitory rentals (net of scholarship allowances of \$269,847)	706,427
Other	990,130
Total operating revenues	9,290,001
<b>Operating expenses:</b>	
Educational and general:	
Instruction	18,775,348
Public service	417,983
Academic support	5,163,892
Student services	4,799,851
Institutional support	8,048,375
Operation and maintenance of plant	5,085,259
Scholarships	8,246,942
Auxiliary enterprises	3,272,931
Depreciation	4,747,968
Total operating expenses	58,558,549
Operating loss	(49,268,548)
<b>Nonoperating revenues(expenses):</b>	
Property taxes	43,357,697
Government grants	12,132,545
State appropriations	4,196,000
Share of state sales taxes	504,545
Private gifts	866,820
Investment earnings	96,181
Interest expense on debt	(2,388,920)
Settlement of litigation	1,800,000
Gain on disposal of capital assets	1,395
Total nonoperating revenues	60,566,263
Increase in net assets	11,297,715
Total net assets - July 1, 2010	65,289,513
Total net assets - June 30, 2011	\$ 76,587,228

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, 2011**

	<b>Yavapai College Foundation</b>
<b>REVENUE AND OTHER SUPPORT:</b>	
Contributions and grants	\$ 1,635,004
Program service income	11,706
Community events	436,141
Rental income	113,712
Investment return	825,007
	3,021,570
Special events:	
Revenues from special events	48,658
Costs of direct donor benefits	(27,281)
Gross profit on special events	21,377
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<b>3,042,947</b>
<b>OPERATING EXPENSES:</b>	
Program expenses	
Grants and scholarships	166,283
Community events	463,039
Friends of Yavapai College Art	6,102
Friends of Yavapai College Music	10,205
Friends of Yavapai College Library	113
Roughrider Club	17,465
PACE	51,953
Friends of Verde Arts	1,205
Greater Verde Valley Chapter	17,695
Other programs	494,992
Total program expenses	1,229,052
Supporting expenses	
Administration	121,672
Fundraising	114,899
Depreciation of rental property	15,779
Total supporting expenses	252,350
<b>TOTAL OPERATING EXPENSES</b>	<b>1,481,402</b>
<b>CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES</b>	<b>1,561,545</b>
<b>IMPAIRMENT LOSS ON PROPERTY HELD OF SALE</b>	139,356
<b>CHANGE IN NET ASSETS</b>	<b>1,422,189</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	8,257,581
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 9,679,770</b>

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, 2011**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	<b>Business Type Activities</b>
Tuition and fees	\$ 7,387,860
Bookstore receipts	99,668
Food services receipts	40,077
Dormitory rentals	706,427
Collection of loans to students	56,654
Other receipts	1,049,899
Payments to suppliers and providers of goods and services	(12,368,980)
Payments to employees	(33,950,216)
Loans issued to students	(29,022)
Scholarship payments to students	(8,246,942)
Net cash used for operating activities	<u>(45,254,575)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Property taxes	43,304,148
Grants	12,538,073
State appropriations	4,196,000
Share of state sales taxes	504,545
Private gifts	866,820
Federal direct lending receipts	4,406,508
Federal direct lending disbursements	(4,408,975)
Deposits held in custody receipts	1,266,220
Deposits held in custody payments	(1,244,087)
Net cash provided by noncapital financing activities	<u>61,429,252</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Proceeds from issuance of capital debt	9,525,251
Proceeds from sale of capital assets	1,395
Principal paid on capital debt	(5,220,707)
Interest paid on capital debt	(2,520,701)
Purchases of capital assets	(5,852,126)
Net cash used for capital and related financing activities	<u>(4,066,888)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest received on investments	96,181
Net cash provided by investing activities	<u>96,181</u>
Net increase in cash and cash equivalents	12,203,970
Cash and cash equivalents, July 1, 2010	23,663,929
Cash and cash equivalents, June 30, 2011	<u>\$ 35,867,899</u>
	(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, 2011  
(Continued)

Reconciliation of operating loss to net cash used for operating activities:	Business Type Activities
Operating loss	\$ (49,268,548)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation expense	4,747,968
Provision for uncollectible accounts	19,851
Changes in assets and liabilities:	
Increase in dormitory deposits	17,250
Decrease in prepaid expenses	80,884
Decrease in other receivables	77,129
Decrease in accounts receivables	147,455
Decrease in student loan receivables	27,632
Decrease in accrued payroll benefits	(126,655)
Decrease in compensated absences	(55,627)
Decrease in deferred revenues	(220,846)
Decrease in accounts payable	(697,317)
Decrease in other liabilities (accrued retiree)	(3,751)
Net cash used for operating activities	\$ (45,254,575)

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

Advance refunding of bonds.

The District issued general obligation refunding bonds to advance refund general obligation bonds issued in 2001. The \$9,640,000 of proceeds were deposited immediately into an irrevocable trust for the defeasance of \$9,640,000 of outstanding general obligation bonds.

Amortization of premium on bonds and deferred charges.

The District amortized \$15,337 of bond premiums and \$6,494 of deferred charges related to the general obligation refunding bonds.

Advance prepayment of capital lease.

The District issued pledged revenue obligations to, in part, prepay a 2007 capital lease purchase. The \$4,564,513 of proceeds were deposited immediately with the lessor to prepay the lease.

Amortization of premium on pledged revenue obligations and deferred charges.

The District amortized \$3,083 of pledged revenue obligations premium and \$6,420 of deferred charges related to the pledged revenue obligations.

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2011**

**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).

**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 is 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 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.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2011**

During the year ended June 30, 2011, the Foundation gifted property and funds in the amount of \$367,009 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.

**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 dormitory charges are considered to be operating revenues. Other revenues, such as property taxes, state appropriations, and government grants, 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.

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

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2011**

expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized in the year for which they are levied. State appropriations are recognized as revenue in the year in which the appropriation is first made available for use. Grants and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The District eliminates all internal activity.

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.

**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.

**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 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
Intangibles	5,000	Straight line	30 years
Library books	1	Straight line	10 years

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2011**

**Investment Earnings**

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

**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.

**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.

**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.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2011**

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, 2011, the carrying amount of the District's deposits was \$12,525,599, and the bank balance was \$14,083,236. At June 30, 2011, \$12,942,712 was uninsured with collateral held by the pledging financial institution's trust department or agent but not in the District's name and \$890,524 was uninsured and uncollateralized. The District does not have a formal policy with respect to custodial credit risk for deposits.

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

<u>Investment Type</u>	<u>Amount</u>
State Treasurer's investment pool	\$ 199,631
County Treasurer's investment pool	12,913,693
Government obligations money market funds	<u>10,224,325</u>
Total	<u>\$23,337,649</u>

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

**Credit risk** – The District does not have a formal policy with respect to credit risk. At June 30, 2011, credit risk for the District's investments 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	\$ 199,631
County Treasurer's investment pool	Unrated	Not applicable	12,913,693
Government obligations money market funds	Aaa	Moody's	<u>10,224,325</u>
Total			<u>\$23,337,649</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, 2011, the District had \$975,180 of investments in government obligations money market mutual funds that were uninsured and held by a counterparty not in the District's name.

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**Interest rate risk** – The District does not have a formal policy with respect to interest rate risk. At June 30, 2011, 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	\$ 199,631	1.6
County Treasurer's investment pool	12,913,693	6.2
Government obligations money market funds	<u>10,224,325</u>	Not available
Total	<u>\$23,337,649</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	\$ 4,651	Cash and cash equivalents	\$25,647,434
Deposits	12,525,599	Restricted assets:	
Investments	23,337,649	Cash and cash equivalents	
		held by trustee	<u>10,220,465</u>
Total	<u>\$35,867,899</u>	Total	<u>\$35,867,899</u>

**Note 3 - Receivables**

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

<u>Account Name</u>	<u>Gross Receivable</u>	<u>Allowance for Uncollectible</u>	<u>Net Receivable</u>
Accounts-current	\$ 274,506	\$(122,044)	\$ 152,462
Property taxes			
Current	1,910,334	(88,045)	1,822,289
Noncurrent	267,260	(11,922)	255,338

**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.

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**Note 4 - Capital Assets**

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

	<u>Balance July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclassification</u>	<u>Balance June 30, 2011</u>
<b>Capital assets not being depreciated:</b>					
Land	\$ 5,015,888	-	-	-	\$ 5,015,888
Construction in progress	613,644	\$ 3,814,163	-	-	4,427,807
Total capital assets not being depreciated	<u>5,629,532</u>	<u>3,814,163</u>	<u>-</u>	<u>-</u>	<u>9,443,695</u>
<b>Capital assets being depreciated:</b>					
Buildings	102,836,524	258,923	-	-	103,095,447
Improvements other than buildings	15,630,929	342,611	-	-	15,973,540
Equipment	9,697,472	1,339,946	\$ 41,391	-	10,996,027
Intangibles	273,587	-	-	-	273,587
Library books	3,055,742	175,991	115,702	-	3,116,031
Total capital assets being depreciated	<u>131,494,254</u>	<u>2,117,471</u>	<u>157,093</u>	<u>-</u>	<u>133,454,632</u>
Less accumulated depreciation for:					
Buildings	23,025,392	2,479,370	-	-	25,504,762
Improvements other than buildings	6,421,078	872,700	-	-	7,293,778
Equipment	5,873,699	1,233,389	41,391	-	7,065,697
Intangibles	-	9,120	-	-	9,120
Library books	2,188,140	153,389	115,702	-	2,225,827
Total accumulated depreciation	<u>37,508,309</u>	<u>4,747,968</u>	<u>157,093</u>	<u>-</u>	<u>42,099,184</u>
Total capital assets being depreciated, net	<u>93,985,945</u>	<u>(2,630,497)</u>	<u>-</u>	<u>-</u>	<u>91,355,448</u>
<b>Capital assets, net</b>	<u>\$ 99,615,477</u>	<u>\$ 1,183,666</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,799,143</u>

The District has active construction projects as of June 30, 2011. At year end, the District's commitments with contractors are as follows:

<u>Project</u>	<u>Source of Payment</u>	<u>Costs-to-date Including Capitalized Interest</u>	<u>Remaining Commitment</u>
Chilled water plant – Prescott	Pledged Revenue Obligations	\$3,270,720	\$5,659,478
Building 1 & 19 HVAC – Prescott	Capital Projects Accumulation Fund	217,035	17,678
Performance Hall remodeling	Capital Projects Accumulation Fund	249,006	3,287,895
Clarkdale central plant	Pledged Revenue Obligations	348,946	58,000
Verde pavilion	Capital Projects Accumulation Fund	331,309	167,279

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**Note 5 - Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2011, was as follows:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2011</u>	<u>Due Within One Year</u>
Compensated absences payable	\$1,182,792	\$ 903,133	\$ 958,760	\$1,127,165	\$ 100,324
Other	165,905	33,925	37,729	162,101	28,842
Total	<u>\$1,348,697</u>	<u>\$ 937,058</u>	<u>\$ 996,489</u>	<u>\$1,289,266</u>	<u>\$129,166</u>
Bonds payable:					
General obligation bonds	\$47,310,000	\$9,640,000	\$ 13,015,000	\$43,935,000	\$3,465,000
Premium on general obligation refunding	-	380,510	15,337	365,173	36,517
Pledged revenue obligation	-	14,000,000	90,000	13,910,000	845,000
Premium on pledged revenue obligations	-	175,722	3,083	172,639	12,331
Revenue bonds	615,000	-	195,000	420,000	205,000
Total bonds payable	<u>47,925,000</u>	<u>24,196,233</u>	<u>13,318,420</u>	<u>58,802,812</u>	<u>4,563,848</u>
Capital leases payable	<u>7,912,310</u>	-	<u>6,125,220</u>	<u>1,787,090</u>	<u>1,086,302</u>
Total long-term debt	<u>\$55,837,310</u>	<u>\$24,196,233</u>	<u>\$19,443,640</u>	<u>\$60,589,902</u>	<u>\$5,650,150</u>

**Bonds and Pledged Revenue Obligations** – The District's debt consists of various issues of general obligation bonds, revenue bonds, and pledged revenue obligations that are generally callable with interest payable semiannually. Debt proceeds primarily pay for acquiring or constructing capital facilities, remodeling existing facilities, furnishing buildings and facilities and purchasing land adjacent to existing facilities. The District repays general obligation bonds from voter-approved property taxes. Revenue bonds and pledged revenue obligations are repaid from tuition, fees, rentals, and other charges to students, faculty, and others. The original amounts of general obligation bonds, revenue bonds, and pledged revenue obligations outstanding at year-end and issued in prior years were \$54,140,000, \$2,500,000 and \$14,000,000, respectively.

On February 10, 2011, the District issued \$9,640,000 of general obligation refunding bonds with an average interest rate of 2.92 percent to refund \$9,640,000 of general obligation bonds, Series 2001(A), with an average interest rate of 4.67 percent. The general obligation refunding bonds of 2011 are not subject to early redemption prior to their stated maturity dates. The net proceeds were placed in the Depository Trust Fund to be used to refund the bonds being refunded on July 1, 2011. As a result, the refunded debt liability as of June 30, 2011 for those refunded bonds of \$9,640,000 is considered to be defeased and the liability for those bonds is not included in the financial statements. The District in effect reduced its aggregate debt service payments by \$587,040 over the next 10 years and obtained an economic gain (the present value of the difference between the old and new debt service payments discounted at the effective interest rate on the 2011 Bonds) of \$499,492.

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The Series B \$25,000,000 general obligation bond issue, the Series C \$19,500,000 general obligation bond issues, and the Refunding Bond Series 2011 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 \$502,516,788 as of June 30, 2011. Of this amount, the District has \$43,935,000 in general obligation bond debt applicable to the debt limit, leaving a legal debt margin of \$458,581,788.

On April 16, 2011, the District issued \$14,000,000 of pledged revenue obligations of which \$4,564,513 was deposited immediately with SunTrust Bank to prepay a capital lease. The remainder of the proceeds, \$9,435,487, are to be used to construct the Prescott Chiller Water Plant and Clarkdale Central Plant and to pay the cost of issuing the obligations. Obligations maturing on or before July 1, 2021, are not subject to redemption. Obligations maturing on or after July 1, 2022, are subject to early redemption.

In March 1993, the District issued \$2,500,000 in revenue bonds to construct a residence hall and to make related site improvements. The bonds are payable through 2012.

The District has pledged future tuition, fees, dormitory rentals and other charges to students, faculty and others to repay the March 1993 revenue bonds and the April 2011 pledged revenue obligations. The bonds and pledged revenue obligations are payable solely from these revenue sources and are payable through 2012 and 2025, respectively. Annual principal and interest payments on the bonds and pledged revenue obligations are expected to require less than 18% of tuition, fees, and dormitory rentals. In the current year, total revenues of \$9,290,001 were pledged to cover the principal and interest paid of \$285,000 and \$158,529, respectively. A sinking fund of \$234,243, as required by the revenue bond resolution, is reported in the noncurrent assets section of the Statement of Net Assets.

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Bonds and pledged revenue obligations outstanding at June 30, 2011, were as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
<b>General obligation bonds</b>				
Project of 2001-Series B	25,000,000	7/1/11-7/1/23	3.25-4.75%	18,700,000
Project of 2001-Series C	19,500,000	7/1/11-7/1/24	3.75-5.00%	15,670,000
GO Refunding 2011	9,640,000	7/1/11-7/1/21	1.00-5.00%	9,565,000
<b>Revenue bonds</b>				
Series 1993	2,500,000	7/1/11-7/1/12	6.00%	420,000
<b>Pledged revenue obligations</b>				
Series 2011	14,000,000	7/1/11-7/1/25	2.00-5.00%	13,910,000

The following schedule details debt service requirements to maturity for the District's bonds payable and pledged revenue obligations at June 30, 2011:

	<u>General Obligation Bonds</u>		<u>Revenue Bonds</u>		<u>Pledged Revenue Obligations</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Year Ending June 30,						
2012	\$3,465,000	\$1,724,661	\$205,000	\$19,050	\$845,000	\$594,206
2013	3,600,000	1,593,336	215,000	6,450	880,000	560,406
2014	3,780,000	1,416,336	-	-	915,000	528,356
2015	3,955,000	1,231,336	-	-	945,000	491,756
2016	4,120,000	1,076,336	-	-	985,000	453,956
2017 - 21	20,130,000	3,103,056	-	-	5,565,000	1,630,731
2022 - 26	4,885,000	411,995	-	-	3,775,000	433,631
Total	<u>\$43,935,000</u>	<u>\$10,557,056</u>	<u>\$ 420,000</u>	<u>\$25,500</u>	<u>\$13,910,000</u>	<u>\$ 4,693,044</u>

**Capital Leases** - The District has acquired 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, 2011 are as follows:

Equipment	\$3,040,888
Less: accumulated depreciation	<u>1,426,123</u>
<b>Carrying value</b>	<u><b>\$1,614,765</b></u>

The determination of whether equipment acquired under capital leases is capitalized is based upon the capitalization thresholds specified in Note 1. Accordingly, the District

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owns an additional \$3,626,111 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, 2011.

<b>Year ending June 30,</b>	
2012	\$1,137,305
2013	597,317
2014	82,578
2015	<u>41,289</u>
Total minimum lease payments	1,858,489
Less amount representing interest	<u>71,399</u>
Present value of net minimum lease payments	<u>\$1,787,090</u>

**Note 6 - Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District 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 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 \$190,000 for each insured's health claims, not to exceed a maximum aggregate attachment point of \$22,109,483. 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, 2011. 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.

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**Note 7 - 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, 2011, active plan members were required by statute to contribute at the actuarially-determined rate of 9.85 percent (9.6 percent retirement and 0.25 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 9.85 percent (9.01 percent for retirement, 0.59 percent for health insurance premium, and 0.25 percent long-term disability) of the members' annual covered payroll.

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

<b>Years ended June 30,</b>	<b><u>Retirement Fund</u></b>	<b><u>Health Benefit Supplement Fund</u></b>	<b><u>Long-Term Disability Fund</u></b>
2011	\$1,580,602	\$105,373	\$43,906
2010	1,445,435	114,331	69,093
2009	1,398,864	168,140	86,846

**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

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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, 2011, the District contributed at the rate of 7.0 percent of the member's annual covered payroll. Employees contributed 9.6 percent of covered payroll. Contributions to these plans for the year ended June 30, 2011, were as follows:

<u>Plan</u>	<u>Contribution Rates</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Total Contributions</u>
	<u>District/Employee</u>			
TIAA/CREF	7.0%/9.6%	\$212,606	\$291,575	\$504,181
ING	7.0%/9.6%	80,410	110,277	190,687
VALIC	7.0%/9.6%	37,963	52,064	90,027

**Note 8 - Operating Expenses**

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

Personal services	\$33,767,935
Contract services	3,640,845
Supplies and other services	2,523,470
Communications and utilities	2,265,998
Scholarships	8,246,942
Depreciation	4,747,968
Other	<u>3,365,391</u>
Total	<u>\$58,558,549</u>

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**Note 9 - Contingencies**

The District has one potential contingent liability as of June 30, 2011, and it relates to the administration of the Title IV Federal Student Aid program. The District began offering financial aid to students attending classes at the Career and Technical Education Center in the fall of 2007, however, the U.S. Department of Education (Department) was not notified of this new location until October 2009. During this time period the District disbursed \$372,000 in Title IV monies which it may be required to pay back. The District is awaiting a final determination from the Department and has not accrued a liability. The District understands that the Department currently has many similar cases outstanding and that the financial impact to some of those schools, if full repayment was required, would be detrimental to their operations. While the District is potentially liable for the full \$372,000 plus interest and penalties, management believes that the final amount will be significantly less.

The District settled a construction-related lawsuit which was included in nonoperating revenue.

**Note 10 - Discretely Presented Component Unit Disclosure**

**Nature of Activities and Summary of Significant Accounting Policies**

**Nature of Activities**

The Yavapai College Foundation (the "Foundation") was formed in 1971 as an Arizona not-for profit corporation. The Foundation's mission and purpose is to support the programs and activities of Yavapai College (the "College"). The Foundation supports student scholarships, faculty development and programs that enrich both campus and community life.

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 financial resources for many academic and vocational programs offered 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 and desire to support the Foundation's mission in a particular area of interest. There are five auxiliaries as follows:

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- FRIENDS of Yavapai College Art – The purpose of this group is to assist Yavapai College art department programs, including the art gallery functions and Sculpture Garden, as a cultural benefit to the students and to the community at large.
- FRIENDS of Yavapai College Music – The purpose of this group is to support Yavapai College music programs and students, including student scholarships, instrumental and choral needs.
- FRIENDS of the Yavapai College Library – The purpose of this group is to support the Yavapai College library, providing programs and services that connect the community to the library as a cultural and literary center.
- Roughrider Club – The purpose of this group is to support the Yavapai College intercollegiate athletics program, including paying expenses relating to the athletic program not covered by the regular College athletic budget. This is done through fundraising and promotional activities.
- FRIENDS of Verde Arts – This group is a new auxiliary of the Foundation whose purpose is to assist the Yavapai College Art Department programs on the Verde Valley campus and at the Sedona Center for the Arts and Technology, including the Verde Art Gallery and Verde Sculpture Garden functions and related interests, as a cultural benefit to the students of the college and to the community at large.

In addition, program expenses include activities relating to the following funds:

- PACE – The Performing Arts Charitable Endowment (PACE) through its annual disbursements makes it possible to continue to offer spectacular seasons of music, dance and theater in the Yavapai College Performance Hall.
- Greater Verde Valley Chapter – The bylaws of the Foundation allow for the creation of chapters when a group of people in a specific geographic area demonstrate a need and desire to support the Foundation's mission. The volunteer board of the Greater Verde Valley Chapter operates under the Foundation's Board of Directors to strengthen and support Yavapai College programs offered in Clarkdale, Cottonwood, Camp Verde and Sedona, Arizona.

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- Other programs – Consists of support for the following programs:

Allocation of staff costs to program expenses	\$ 167,056
Verde River Economic Development Study grant project expense	107,311
Osher Endowment for Osher Lifelong Learning Institute	90,115
LeGate Chair position	33,574
Del E. Webb Family Enrichment Center	20,872
Zaki Gordon Film Institute	18,300
Yavapai College sports teams	10,238
Robotics team project and travel	8,000
Gerontology programs	6,613
Vineyard/winery project	5,343
Other miscellaneous program support	<u>27,570</u>
	<u>\$ 494,992</u>

**Basis of Accounting and Financial Statement Presentation**

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Temporarily restricted net assets are composed of assets that have been restricted by the donors and contain either time or purpose restrictions plus unspent accumulated investment income on the permanently restricted endowments.

**Fair Value Measurements and Investments**

A framework for measuring fair value has been established by Accounting Standards and provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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The three levels of the fair value hierarchy under Accounting Standards are as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement, and usually reflect the Foundation's own assumptions that market participants would use in pricing the assets (i.e. real estate valuations, broker quotes).

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Investment income or loss (including realized and unrealized gains and losses) is included in the change in unrestricted net assets in the accompanying statement of activity, unless the income or loss is restricted by donor or law.

The Foundation invests most of the endowments in an investment pool which is managed by an investment advisor to the Foundation. Investment return and investment fees within the investment pool are allocated monthly to the individual funds based on the relationship of the market value of each fund to the total market value of the pool as adjusted for additions to or distributions from those funds.

### **Endowment Funds**

The Foundation's endowment funds consist of approximately 100 funds established for a variety of purposes. The endowment funds include both donor-restricted endowment funds and funds designated by the Board of Directors as endowments.

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Net assets associated with these endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation follows the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and its own governing documents. UPMIFA requires the preservation of endowment funds. When a donor's intent is not expressed, UPMIFA directs the Foundation to spend an amount that is prudent, consistent with the purposes of the fund, relevant economic factors and the donor's intent that the fund continue in perpetuity.

The Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for the expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) the Foundation's other resources, and (7) the Foundation's investment policies.

*Investment Return Objectives, Risk Parameters and Strategies.* The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding for programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. The Foundation's primary objective is to obtain the best possible return on investments with the appropriate degree of risk and to meet the priorities of the Foundation and Yavapai College over time. Endowment assets are invested in a well diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2011**

Therefore, the Foundation expects its endowment assets, over time, to produce results that exceed the price and yield results of a custom index made up of approximately 60% equities, 10% alternative investments and 30% fixed income. Actual returns may vary from year to year. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

*Spending Policy.* The Foundation has a practice of appropriating for distribution each year approximately 5% of its endowment funds' average fair value of the prior twelve quarters through December 31. In establishing this practice, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation. The Foundation expects the current spending practice to allow its endowment funds to grow over time as described above.

**Investments**

The following is a summary of the value of investments at June 30, 2011:

Cash	\$ 234,623
Corporate bonds	1,918,807
Index funds	1,552,840
Mortgage backed securities	399,584
Municipal bonds	567,514
Mutual funds	2,812,695
Mutual funds - held with Arizona Community Foundation (ACF)	68,188
Precious metals fund	12,222
Treasury inflation protection securities	163,083
U.S. Treasury notes	<u>506,788</u>
	<u>\$ 8,236,344</u>

The following schedule summarizes the investment return for the year ended June 30, 2011:

Interest and dividend income	\$ 254,074
Net realized gains	188,264
Net unrealized gains	<u>382,669</u>
	<u>\$ 825,007</u>

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT**  
**(YAVAPAI COLLEGE)**  
**Notes to Financial Statements**  
**June 30, 2011**

Investment return is reported net of related investment expenses in the statement of activities. The amount of expense netted with income was \$51,954 for the year ended June 30, 2011.

**Fair Value of Financial Instruments**

The carrying amount of cash and cash equivalents, grants and accounts payable and accrued expenses approximates their respective fair values because of the short maturity of these instruments.

Investments with readily determinable fair values are measured at fair value in the statement of financial position as determined by quoted market prices in active markets (Level 1) or measured based on prices for identical assets in non-active markets (Level 2). Investments in mutual funds held with Arizona Community Foundation (ACF) are valued based on observable inputs, which include the fair value of the underlying assets held by ACF and the Foundation's percentage interest in ACF's investments (Level 2).

Properties held for sale and other assets (which include artwork) have been valued using a market approach. Properties held for sale include two properties. The value of one of these properties was determined using market prices of similar long-lived assets (Level 2). This property was sold subsequent to year end. The other property included in properties held for sale is valued based on assumptions used in determining the estimated fair market value (Level 3). Promises to give are due within one year and are valued at their net realizable value, which is a reasonable estimate of fair value (Level 3).

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2011**

The following is a summary of these fair values at June 30, 2011:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Measured at fair value on a recurring basis:				
Cash	\$ 234,623	\$ -	\$ -	\$ 234,623
Corporate bonds	-	1,918,807	-	1,918,807
Index funds	1,552,840	-	-	1,552,840
Mortgage backed securities	399,584	-	-	399,584
Municipal bonds	-	567,514	-	567,514
Mutual funds	2,812,695	-	-	2,812,695
Mutual funds - held by ACF	-	68,188	-	68,188
Precious metals fund	12,222	-	-	12,222
Treasury inflation protected securities	163,083	-	-	163,083
U.S. Treasury notes	<u>506,788</u>	<u>-</u>	<u>-</u>	<u>506,788</u>
Total investments	5,681,835	2,554,509	-	8,236,344
Other assets	-	18,500	-	18,500
Promises to give	<u>-</u>	<u>-</u>	<u>26,955</u>	<u>26,955</u>
	<u>\$ 5,681,835</u>	<u>\$ 2,573,009</u>	<u>\$ 26,955</u>	<u>\$ 8,281,799</u>
Measured at fair value on a non-recurring basis:				
Properties held for sale	<u>\$ -</u>	<u>\$ 38,000</u>	<u>\$ 390,000</u>	<u>\$ 428,000</u>

STATISTICAL  
SECTION

## STATISTICAL SECTION

This part of the Yavapai County Community College District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	50
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	53
These schedules contain trend information to help the reader assess the District's most significant local revenue source, the property tax.	
<b>Debt Capacity</b>	59
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	65
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
<b>Operating Information</b>	70
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
NET ASSETS BY COMPONENT  
Last Ten Fiscal Years

	2010/11	2009/10	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	\$ 52,993,496	\$ 47,354,377	\$ 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	1,766,629	1,463,530	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	581,183	608,637	617,676	559,175	553,992	554,901	542,806	556,339	582,022	622,759
Unrestricted	21,245,920	15,862,969	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	\$ 76,587,228	\$ 65,289,513	\$ 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 ten fiscal years.

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 FY2005/06 have not been restated.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
CHANGES IN NET ASSETS  
Last Ten Fiscal Years

	2010/11	2009/10 (1)	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02
<b>Operating expenses:</b>										
Educational and general:										
Instruction	\$ 18,775,348	\$ 18,706,094	\$ 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	417,983	422,084	445,716	482,123	469,694	427,283	536,325	645,631	529,506	536,281
Academic support	5,163,892	5,305,978	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	4,799,851	4,488,132	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	8,048,375	8,040,029	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	5,085,259	4,929,835	5,241,506	5,699,368	6,054,495	6,678,206	7,791,233	8,822,310	3,794,370	4,180,510
Scholarships	8,246,942	6,880,339	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	3,272,931	3,156,306	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	4,747,968	4,667,983	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	58,558,549	56,596,780	52,632,969	50,535,152	49,342,810	47,387,713	46,619,605	43,202,413	39,766,359	39,606,188
<b>Operating revenues:</b>										
Tuition and fees pledged as security for revenue bonds	7,453,699	6,853,199	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	99,668	105,060	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	40,077	33,454	189,630	196,719	185,637	256,930	270,131	394,890	410,905	431,637
Dormitory rentals pledged as security for revenue bonds	706,427	615,223	311,967	308,994	253,497	289,668	262,246	323,650	317,225	326,812
Other	990,130	865,619	802,981	883,519	969,866	1,343,169	1,251,091	1,428,657	1,447,689	1,400,640
Total operating revenues	9,290,001	8,472,555	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	(49,268,548)	(48,124,225)	(45,806,174)	(42,616,648)	(40,747,351)	(38,845,104)	(38,803,548)	(35,087,233)	(32,375,968)	(31,592,217)
<b>Nonoperating revenues (expenses):</b>										
Property taxes	43,357,697	41,853,443	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	12,132,545	9,945,752	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	4,196,000	4,196,000	4,523,974	4,820,400	4,738,700	4,738,700	4,724,400	4,589,100	4,589,100	4,895,200
Share of state sales taxes	504,545	525,705	575,637	645,345	661,207	527,127	505,338	483,665	457,449	409,676
Private gifts	866,820	691,196	368,773	1,036,345	258,992	358,063	297,474	251,758	71,519	31,900
Investment earnings	96,181	85,984	327,532	726,726	958,016	817,166	399,527	498,605	128,400	682,068
Interest expense on debt	(2,388,920)	(2,442,999)	(2,554,248)	(2,726,727)	(2,475,647)	(2,539,812)	(1,676,842)	(1,712,315)	(1,394,172)	(1,501,070)
Settlement of litigation	1,800,000	-	-	-	-	-	-	-	-	-
Gain (loss) on disposal of capital assets	1,395	3,590	1,035,796	-	(2,911)	(6,007)	-	-	4,935	5,771
Total nonoperating revenues	60,566,263	54,858,671	52,283,855	48,196,323	44,543,414	41,687,369	40,587,067	38,570,309	36,638,120	33,949,030
Income before other revenues, expenses, gains or losses	11,297,715	6,734,446	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	-	318,368	65,182	2,798,621	45,410	-	-	28,977	-	5,867
Increase in net assets	\$ 11,297,715	\$ 7,052,814	\$ 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 ten fiscal years.

Note 1: The increases in instruction and academic support expenses and decrease in institutional support expenses from FY2008/09 to FY2009/10 were due to functional category changes made when the District set up the new chart of accounts in the new finance system.

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)
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
2009/10	40,285,827	40,285,826	1
2010/11	40,776,721	40,776,720	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 Current Tax Levy
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%
2009/10	42,031,687	40,105,227	95.42%	1,543,890	41,649,116	99.09%
2010/11	43,495,629	41,545,863	95.52%	1,732,796	43,278,658	99.50%

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

Note 1: All 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: Delinquent tax collections include taxes owed for past years and the amounts collected are recorded on the 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			
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%
2009/10	2,373,124,327	841,667,070	59,286,950	3,274,078,347	1.6321	26,993,826,530	12.13%
2010/11	2,357,527,484	767,441,706	62,608,487	3,187,577,677	1.7519	26,602,931,420	11.98%

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
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)
2009/10	1.1250(p)	1.6148(p)	.1839(p)	.7600(p)	1.1824(p)	8.1337(p)
	.1367(s)	.3479(s)	.0711(s)	3.2500(s)	.0438(s)	.9611(s)
2010/11	1.2046(p)	1.7048(p)	.0109(p)	.9121(p)	.2436(p)	7.7025(p)
	.1563(s)	.3995(s)	.0492(s)	3.2500(s)	.0500(s)	1.1585(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
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
2009/10	3,274,078,347	1.1250	36,833,381	3,824,935,514	.1367	5,228,687
2010/11	3,187,559,879	1.2046	38,397,561	3,350,111,921	.1563	5,235,677

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

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

Taxpayer	2010 Primary Assessed Valuation	Rank	Percent of Yavapai County's 2010/11 Primary Assessed Valuation	2001 Primary Assessed Valuation (1)	Rank	Percent of Yavapai County's 2001/02 Primary Assessed Valuation
Arizona Public Service	\$ 83,092,209	1	2.61%	\$ 56,333,768	1	4.40%
Phelps Dodge Bagdad Copper Company	81,076,214	2	2.54%	26,990,227	2	2.11%
Transwestern Pipeline Company	28,960,780	3	0.91%	7,049,633	7	0.55%
Phoenix Cement Co / Salt River Materials	23,808,092	4	0.75%	-	-	-
Unisource Energy Corporation	14,114,181	5	0.44%	12,614,932	4	0.98%
Qwest	16,361,100	6	0.51%	17,095,639	3	1.33%
El Paso Natural Gas Company	9,147,568	7	0.29%	7,580,251	6	0.59%
Burlington Northern Santa Fe Railroad	8,966,800	8	0.28%	9,448,079	5	0.74%
TWC II - Prescott Mall LLC	6,256,241	9	0.20%	-	-	-
ACE Hardware	5,846,784	10	0.18%	3,209,200	10	0.25%
New Enchantment LP	-	-	-	4,146,066	8	0.32%
Massachusetts Mutual Life Insurance Co.	-	-	-	3,214,818	9	0.25%
Total Top Ten	<u>\$ 277,629,969</u>		<u>8.71%</u>	<u>\$ 147,682,613</u>		<u>11.52%</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
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
2009/10	1,740	58
2010/11	1,860	62

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)
2001/02	\$ 28,161,225	\$ 1,815,000	\$ -	\$ 314,631	\$ 30,290,856	0.76%	\$ 169
2002/03	23,865,000	1,690,000	-	153,344	25,708,344	0.61%	139
2003/04	45,680,000	1,560,000	-	320,864	47,560,864	1.02%	249
2004/05	61,725,000	1,425,000	-	826,824	63,976,824	1.21%	322
2005/06	59,235,000	1,280,000	-	2,148,280	62,663,280	1.08%	306
2006/07	56,425,000	1,125,000	-	8,089,092	65,639,092	1.03%	308
2007/08	53,510,000	965,000	-	10,952,114	65,427,114	1.01%	297
2008/09	50,470,000	795,000	-	9,140,549	60,405,549	0.89%	266
2009/10	47,310,000	615,000	-	7,912,310	55,837,310	0.78%	238
2010/11	43,935,000	420,000	13,910,000	1,787,090	60,052,090	0.94%	285

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

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
<b>Secondary Assessed Value</b>	\$ 1,344,616,822	\$ 1,450,497,580	\$ 1,602,480,129	\$ 1,783,988,336	\$ 2,020,575,209	\$ 2,302,712,940	\$ 2,853,059,731	\$ 3,746,625,208	\$ 3,824,935,514	\$ 3,350,111,921
<b>Legal Debt Margin</b>										
Debt limit - 15% of secondary assessed value	201,692,523	217,574,637	240,372,019	267,598,250	303,086,281	345,406,941	427,958,960	561,993,781	573,740,327	502,516,788
Amount of debt applicable to debt limit:										
General obligation bonded debt	(28,161,225)	(23,865,000)	(45,680,000)	(61,725,000)	(59,235,000)	(56,425,000)	(53,510,000)	(50,470,000)	(47,310,000)	(43,935,000)
Legal debt margin	\$ 173,531,298	\$ 193,709,637	\$ 194,692,019	\$ 205,873,250	\$ 243,851,281	\$ 288,981,941	\$ 374,448,960	\$ 511,523,781	\$ 526,430,327	\$ 458,581,788
Total general obligation bonded debt as a percentage of legal debt limit	13.96%	10.97%	19.00%	23.07%	19.54%	16.34%	12.50%	8.98%	8.25%	8.74%

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
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
2009/10	234,626	3,824,935,514	47,310,000	948,903	46,361,097	1.21%	197.60
2010/11	211,033	3,350,111,921	43,935,000	1,171,570	42,763,430	1.28%	202.64

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

Note: Population figures are estimates as of July 1 of each fiscal year except for 2010/11 which is based on the 2010 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	Percentage of Debt Service to Operating Expenses/ Expenditures
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%
2009/10	3,160,000	2,067,833	5,227,833	56,596,780	9.24%
2010/11	3,375,000	1,859,646	5,234,646	58,558,549	8.94%

Source: District records.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
 GENERAL OBLIGATION BONDS  
 June 30, 2011

<b>Jurisdiction</b>	<b>Debt Outstanding</b>
<u>Direct Debt:</u>	
Yavapai County Community College District	\$ 43,935,000
Total direct debt	<u>43,935,000</u>
<u>Overlapping Debt(1):</u>	
School Districts	142,315,000
City of Prescott	3,595,000
Jail District	<u>1,790,000</u>
Total overlapping debt	<u>147,700,000</u>
Total direct and overlapping debt	<u>\$ 191,635,000</u>

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

Note 1: Excludes improvement districts.

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

Fiscal Year	Pledged Revenues (1)	Debt Service Requirements (2)		Total	Coverage
		Principal	Interest		
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
2009/10	8,521,468	180,000	42,300	222,300	38.33
2010/11	9,290,001	285,000	158,529	443,529	20.95

Source: District records.

Note 1: Pledged revenues include tuition and fees, bookstore revenues, food service sales, dormitory rentals, and other income and are reported net of scholarships and allowances per GASB Statement Number 35.

Note 2: Revenue bonds issued March 1, 1993, and pledged revenue obligations issued April 16, 2011.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 ECONOMIC INDICATORS FOR YAVAPAI COUNTY  
 June 30, 2011

Employment by Sector	Employees
Mining and Construction	4,300
Education and Health Services	10,300
Financial Activities	1,800
Government	11,100
Leisure and Hospitality	7,000
Manufacturing	2,700
Professional and Business Services	3,200
Trade, Transportation and Utilities	11,400
Information	600
Other Services	2,000

Employment by Occupation	Percent of Total
Office and Administrative	18.9%
Food Preparation and Serving Related	12.8%
Sales and Related	12.6%
Education, Training, and Library	8.8%
Healthcare Practitioners and Technical	8.6%
Transportation and Material Moving	7.3%
Construction and Extraction	6.3%
Management	5.8%
Protective Service	5.1%
Production	4.9%
Healthcare Support	4.5%
Installation, Maintenance, and Repair	4.4%

<b>Unemployment Rate</b>	10.4%
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<b>Labor Force</b>	97,142
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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 2010/11			FY 2001/2002		
	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
Yavapai County	1,449	1	1.49%	1,213	1	1.71%
Yavapai Regional Medical Center	1,421	2	1.46%	730	3	1.03%
Veterans Medical Center	944	3	0.97%	550	6	0.78%
Verde Valley Medical Center	900	4	0.93%	351	9	0.50%
Cyprus Bagdad Copper Mine	835	5	0.86%	535	7	0.76%
State of Arizona	742	6	0.76%	330	10	0.47%
Prescott Unified School District	696	7	0.72%	573	5	0.81%
Wal-Mart	689	8	0.71%	-	-	-
Yavapai College	621	9	0.64%	638	4	0.90%
City of Prescott	500	10	0.51%	385	8	0.54%
Sturm Ruger & Company	-	-	-	1,176	2	1.66%
<b>Total</b>	<b>8,797</b>		<b>9.05%</b>	<b>6,481</b>		<b>9.16%</b>

Source: City of Prescott and District records.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 MISCELLANEOUS STATISTICS  
 June 30, 2011

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

<b>Population</b>	<b>1990</b>	<b>2000</b>	<b>2010</b>
Yavapai County	107,714	167,517	211,033
State of Arizona	3,665,228	5,130,632	6,392,017

<b>Age Distribution*</b>	<b>% of Total</b>
0-14	16.3%
15-24	10.5%
25-44	19.5%
45-64	31.0%
65+	22.7%

<b>Population Composition *</b>	<b>% of Total</b>
<b>RACE</b>	
White	80.9%
Hispanic	13.5%
African American	0.6%
Native American	1.7%
Asian or Pacific Islander	0.9%
Other	2.4%
<b>TOTAL</b>	<b>100.0%</b>

\* Population composition is based on 2010 census.

Source: US Census Bureau 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)
2001/02	179,095	\$ 3,986,381	\$ 22,258
2002/03	184,346	4,211,111	22,843
2003/04	190,685	4,681,089	24,549
2004/05	198,841	5,278,913	26,548
2005/06	205,105	5,816,637	28,359
2006/07	213,285	6,345,305	29,750
2007/08	220,170	6,450,243	29,297
2008/09	227,468	6,786,814	29,836
2009/10	234,626	7,123,386	30,361
2010/11	211,033	6,377,000	30,218

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 2008/09 and 2009/10. Amounts were estimated based upon the prior 10 year average increase. Fiscal year 2010/11 is based on the 2010 Census.

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
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%
2009/10	23.2%	76.8%	40.7%	59.3%	90.4%	4.9%	4.7%	0.0%
2010/11	22.9%	77.1%	42.9%	57.1%	87.5%	6.9%	5.5%	0.1%

Fiscal Year	Degrees Awarded	Certificates Awarded
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
2009/10	458	594
2010/11	454	623

Fiscal Year	Age		Ethnic Background					Other/Unknown
	Median	Mean	American Indian	Asian American	Hispanic	African American	White	
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%
2009/10	30	36	2.2%	1.2%	6.5%	0.9%	76.5%	12.7%
2010/11	26	33	2.6%	0.9%	8.9%	0.9%	65.5%	21.2%

Source: District records.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
HISTORIC ENROLLMENT  
Last Ten Fiscal Years

	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02
<b>Headcount</b>	12,973	13,493	14,139	15,582	16,312	15,936	13,398	14,463	14,212	14,426

<b>FTSE by Campus</b>	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02
Prescott	1,894	2,397	2,398	2,208	2,141	1,954	1,882	1,962	2,047	1,944
Verde	453	652	714	694	701	692	624	549	551	537
Sedona	40	90	102	110	135	129	125	136	123	112
Prescott Valley	220	266	371	335	364	269	290	273	220	214
Chino Valley	120	108	138	142	133	127	121	109	80	77
Elderhostel (1)	-	-	-	-	72	112	95	146	136	169
CTEC (2)	152	138	137	111	-	-	-	-	-	-
Online (3)	915	-	-	-	-	-	-	-	-	-
Other (4)	412	269	25	90	71	69	94	96	99	57
<b>Total District</b>	<b>4,206</b>	<b>3,920</b>	<b>3,885</b>	<b>3,690</b>	<b>3,617</b>	<b>3,352</b>	<b>3,231</b>	<b>3,271</b>	<b>3,256</b>	<b>3,110</b>

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: Beginning in Fiscal Year 2010/11 FTSE from online classes is being counted as a separate campus. In previous years online courses were credited to the campus that originated the course.

Note 4: Other primarily includes courses held at non-campus locations.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 FACULTY AND STAFF STATISTICS  
 Last Ten Fiscal Years

	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02
<b>Faculty</b>										
Regular	107	104	104	101	102	97	97	92	95	93
Adjunct	394	448	476	523	474	330	342	368	572	572
<b>Staff</b>										
Regular	303	334	329	318	317	284	307	318	288	289
Temporary (1)	119	160	182	180	177	188	198	230	224	200

Source: District records.

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

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

Asset Type	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02
Computers and Peripherals	\$ 1,316,755	\$ 1,316,755	\$ 1,225,045	\$ 1,452,005	\$ 1,161,346	\$ 1,173,513	\$ 979,865	\$ 885,220	\$ 742,745	\$ 946,837
Network Equipment	1,568,339	1,056,006	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	503,250	396,971	175,567	480,767	481,299	506,007	541,896	541,896	561,457	487,272
Office Equipment & Furniture	4,163,415	3,680,275	3,773,462	3,652,534	2,876,657	2,638,552	2,333,641	2,061,568	1,618,196	1,525,271
Software	2,149,148	2,022,682	1,918,654	1,286,076	-	-	-	-	-	-
Vehicles	1,295,120	1,224,785	1,182,290	1,214,607	1,136,409	1,094,994	1,089,436	1,064,419	1,011,240	855,814
Intangibles	273,587	273,587	-	-	-	-	-	-	-	-
Library Books	3,116,031	3,055,742	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	103,095,447	102,836,523	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	4,427,807	613,644	2,927,638	834,346	12,239	7,779,699	18,097,827	21,560,868	10,288,928	-
Site Improvements	15,973,540	15,630,928	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	5,015,888	5,015,888	5,015,888	3,597,041	1,975,535	1,975,535	1,975,535	1,975,535	1,975,536	964,383
	\$142,898,327	\$137,123,786	\$133,370,403	\$129,291,988	\$119,346,946	\$110,563,396	\$98,364,784	\$81,196,924	\$57,673,336	\$45,374,047

Source: District records.