

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

**For the fiscal year
ended June 30, 2012**

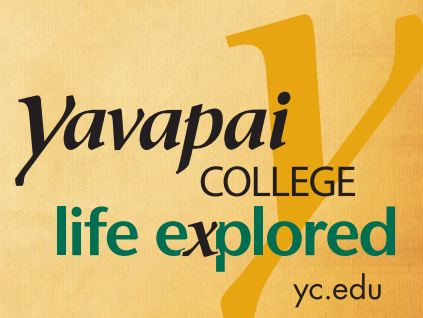
PRESCOTT

VERDE VALLEY

PRESCOTT VALLEY

CHINO VALLEY

SEDONA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Published and distributed by

The Office of Business Services

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

For the fiscal year
ended June 30, 2012

**Yavapai County Community College District
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2012**

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INTRODUCTORY SECTION

November 19, 2012

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, 2012, is submitted herewith.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests 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 Finance and 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 Finance and 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 2011 estimated population (provided by the US Census Bureau) of 211,888 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 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 for slow growth over the next couple of years. 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 increase slightly into next fiscal year and the primary property tax levy to increase moderately due to new construction. The majority of economists in Arizona believe the worst is over and that progress is being made in the housing markets, albeit slow.

The District's appropriation was cut by \$3.3 million or nearly 80% for fiscal year 2011-12. The amount of appropriation received was \$899,200 which is less than 2% of the total operating budget. The state's budget health appears to have stabilized and the District is not expecting any significant cuts in the near future.

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/Planned Maintenance

The District built a new chilled water plant on the Prescott campus. The new plant replaced an aging system and was designed to meet the current and future cooling needs of the Prescott campus. Construction of the plant was completed in the summer of 2012. Most of the project was funded with pledged revenue obligation proceeds.

The District is in the process of completing a major renovation of the buildings on the Verde Valley campus. The majority of the renovations were completed by the start of the fall 2012 semester. The project was funded from the District's Future Capital Projects Accumulation account. In conjunction with this renovation the District is building a central plant/warehouse on the Verde Valley campus. Completion is expected in early 2013 and the plant will provide all of the cooling and heating for the Verde Valley campus. The project was funded with a combination of pledged revenue obligation proceeds and the District's Future Capital Projects Accumulation monies.

The District recently contracted with an architect and engineering company to perform a facilities condition index report on all District facilities. A facility condition index provides a benchmark to compare the relative condition of a group of facilities. While it was determined that the District's facilities were in above average condition, various maintenance items were identified. The District plans to implement a comprehensive program for the maintenance of all district facilities over the next four years based upon the facilities condition index report.

Enrollment

The District experienced a 5.5% decline in enrollment in fiscal year 2011-12. This was primarily due to several reasons including the reduction of institutional scholarships by slightly more than 50%, elimination of two sports programs, downsizing of the Nursing program, and the number of high school graduates in the county decreasing by almost 10% from the prior year. Total credit and non-credit enrollment decreased slightly to approximately 13,000 students. Individual programs with double digit FTSE enrollment increases include Administration of Justice, Allied Health Services, Automotive, Aviation, Geography, Geology, Gunsmithing, Religious Studies, and Welding.

Student Achievement

Student accomplishments continue to be our most important gauge of success. Four students were named to the 2012 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 1,126 students earned degrees or certificates which represents an increase of 3% over the previous year. Throughout the course of the academic year, 32 students graduated from the Northern Arizona Regional Training Academy, 83 students received an Emergency Medical Technician certificate, and 103 students completed all requirements of the Nursing Program. In addition, approximately 111 students completed studies and passed the exam to earn a high school equivalency diploma.

FUTURE PROGRAM INITIATIVES

The District is offering two new associate degrees in fiscal year 2012-13. Offered for the fall semester the Video Game Development degree is designed to provide students with the skills to design and create video games and the Viticulture and Enology degree to prepare students for a variety of careers in vineyards and wineries.

Beginning in the fall 2012 the District began offering several new certificates including Auto Body Paint and Collision Technology, Criminal Justice and Security, Fire Science Driver/Operator, Nursing Assistant, Video Game Developer and an advanced Gunsmithing certificate. 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 detailed budgets and budget transfer restrictions by fund, department and account. On a monthly basis the District presents various financial reports to the District Governing Board including a report of revenues, expenditures and budgets by fund, a narrative discussing budget deviations by fund and a report comparing the current reserve levels to the District's required reserves. The objective of these budgetary controls is to ensure compliance with the annual budget and to fulfill the requirements of the District Governing Board's monitoring reports.

The District complies with 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 Finance and 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 CliftonLarsonAllen 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, 2011. This was the twelfth 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,

A handwritten signature in black ink, appearing to read "Clint Ewell". The signature is fluid and cursive, with the first and last names being clearly legible.

Clint Ewell
Vice President of Finance and Administrative
Services

A handwritten signature in black ink, appearing to read "Frank D'Angelo". The signature is fluid and cursive, with the first and last names being clearly legible.

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, 2011

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.



Linda C. Sandison

President

Jeffrey R. Egan

Executive Director

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT

PRINCIPAL OFFICERS

June 30, 2012

DISTRICT GOVERNING BOARD

Dr. Dale Fitzner, *Chair, District 2*

Mr. Ray Sigafoos, *Secretary, District 3*

Dr. Patricia McCarver, *District 1*

Mr. Charles Leon , *District 4*

Mr. Herald Harrington, *District 5*

PRESIDENT

Dr. Penelope Wills

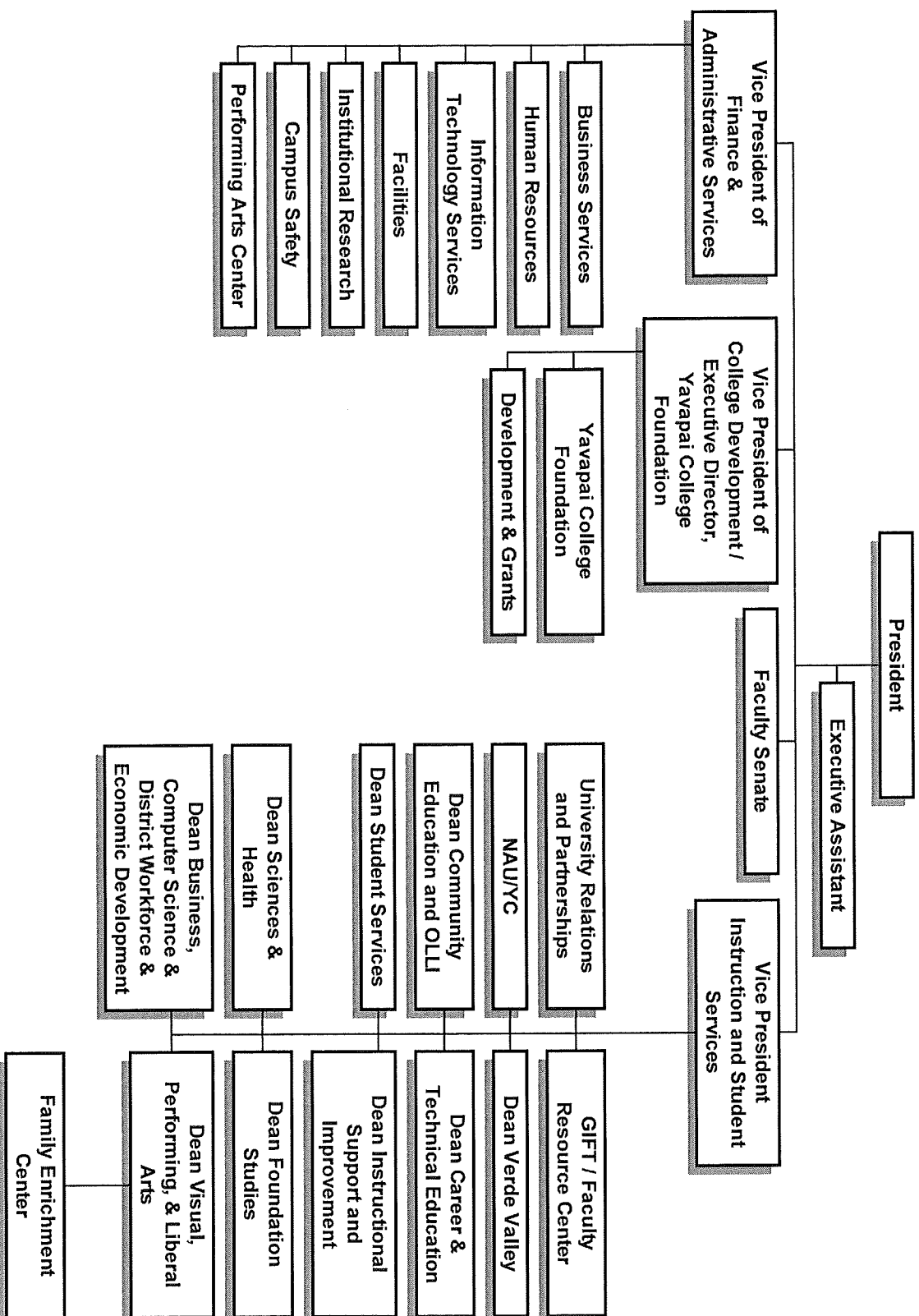
ADMINISTRATION

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

Dr. Clint Ewell, *Vice President of Finance and Administrative Services*

Yavapai County Community College District

Organizational Chart as of June 30, 2012



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INDEPENDENT AUDITORS' REPORT

The Auditor General of the State of Arizona
Governing Board
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, 2012, 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, 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, is based solely on the report of the other auditors.

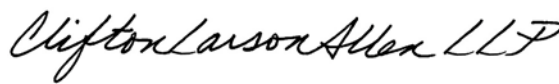
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and 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 by the other auditors in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audits and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Yavapai County Community College District as of June 30, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2012, 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.


CliftonLarsonAllen LLP

Mesa, Arizona
November 19, 2012

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## FINANCIAL SECTION

November 19, 2012

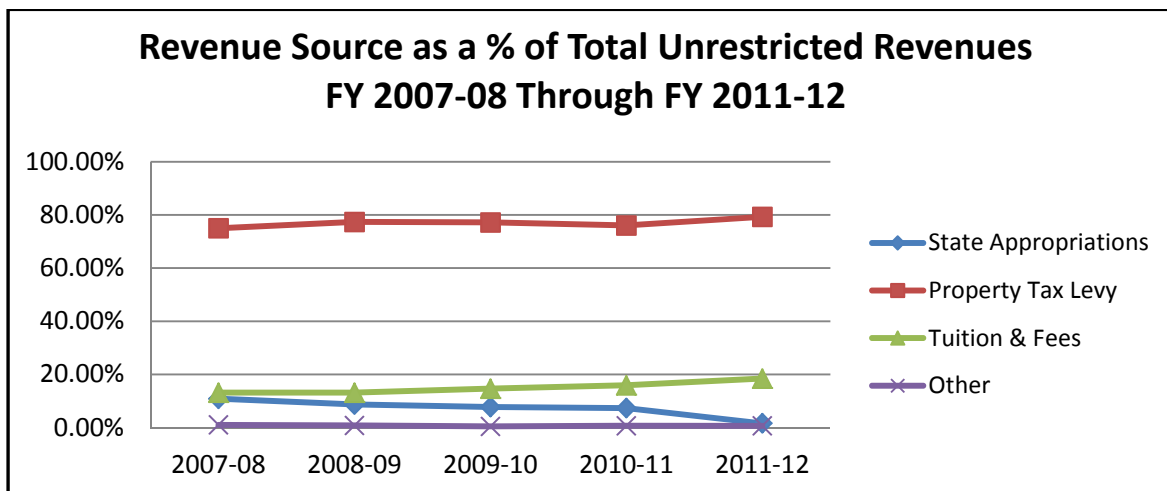
## **MANAGEMENT'S DISCUSSION and ANALYSIS**

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, 2012. 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 became more pronounced in fiscal year 2011-12 as the District's state appropriation was reduced by \$3.3 million, or almost 80%. 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 \$85,709,432. Of this amount, \$15,980,102 may be used to meet the District's ongoing obligations to provide educational services.

The District's total net assets increased from the prior year by \$9,122,204. Investments in capital assets, net of related debt, increased by \$14,902,883 (28.1%). Restricted net assets decreased by \$514,861 (21.9%) and unrestricted net assets decreased by \$5,265,818 (24.8%).

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

### **Basic Financial Statements**

The basic financial statements consist of the following:

The Statement of Net Assets reflects the financial position of the District at June 30, 2012. 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, 2012. 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, 2012. 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.

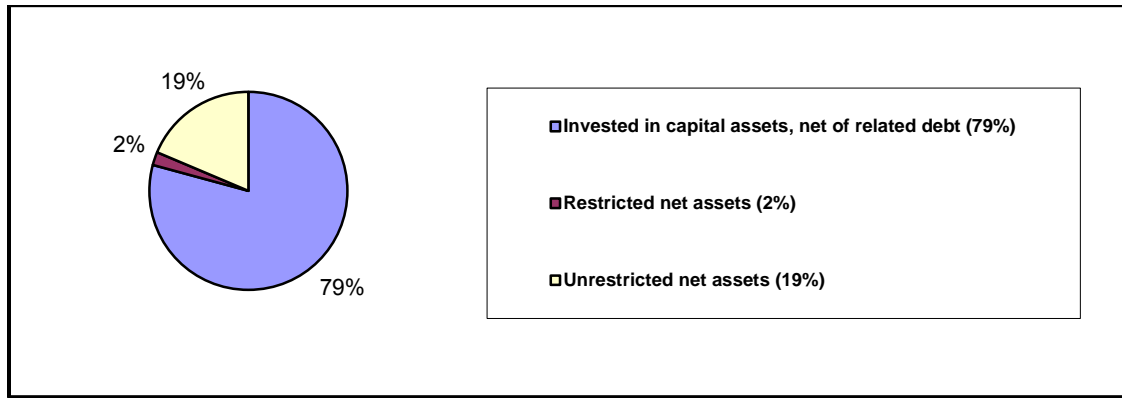
### Condensed Statement of Net Assets

|                                                 | <u>6/30/2012</u>    | <u>6/30/2011</u>    |
|-------------------------------------------------|---------------------|---------------------|
| <b>Assets:</b>                                  |                     |                     |
| Current assets                                  | \$ 25,861,256       | \$ 31,329,194       |
| Noncurrent assets, other than capital assets    | 403,605             | 10,659,358          |
| Capital assets, net of depreciation             | <u>120,442,188</u>  | <u>100,799,143</u>  |
| Total assets                                    | <u>146,707,049</u>  | <u>142,787,695</u>  |
| <b>Liabilities:</b>                             |                     |                     |
| Other liabilities                               | 5,438,293           | 4,321,299           |
| Long-term liabilities                           | <u>55,559,324</u>   | <u>61,879,168</u>   |
| Total liabilities                               | <u>60,997,617</u>   | <u>66,200,467</u>   |
| <b>Net assets:</b>                              |                     |                     |
| Invested in capital assets, net of related debt | 67,896,379          | 52,993,496          |
| Restricted net assets                           | 1,832,951           | 2,347,812           |
| Unrestricted net assets                         | <u>15,980,102</u>   | <u>21,245,920</u>   |
| Total net assets                                | <u>\$85,709,432</u> | <u>\$76,587,228</u> |

Current assets decreased by \$5,467,938 primarily as a result of cash and cash equivalents that were used for capital projects. The use of the pledged revenue obligations for capital projects caused the noncurrent assets, other than capital assets, to decrease. 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 increase in other liabilities was accredited to an increase in general payables, retainage related to construction contracts and deferred fall tuition revenue at year-end. The decrease in long-term liabilities was a result of principal payments made on capital leases, general obligation and revenue bonds.

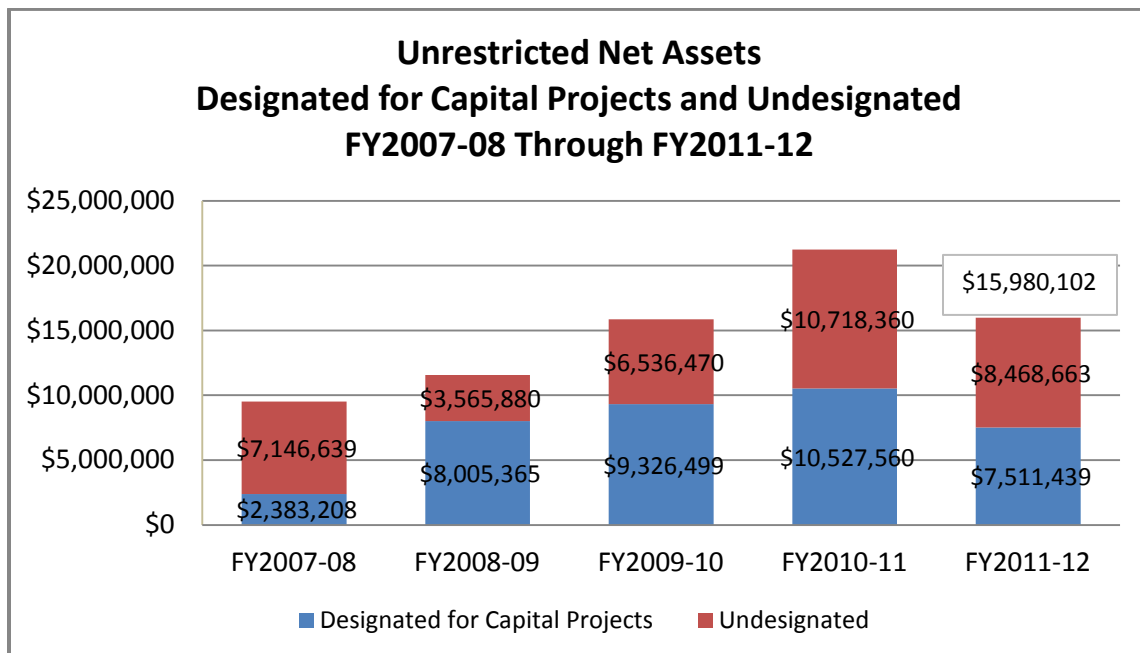
The District's capital assets, net of related debt, increased by \$14,902,883 over the previous fiscal year. This increase was attributable to the addition of equity in the District's capital assets over the previous year. Restricted net assets decreased from the prior fiscal year due to the revenue bond reserve fund being used to pay off the bonds and grant expenditures exceeding revenues. The decrease in unrestricted net assets was primarily attributed to the use of monies in the District's capital accumulation account for capital projects.

### Net Assets As of June 30, 2012



As noted earlier, net assets reflect the financial position of the District. The largest portion of the District's net assets (79 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 (2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$15,980,102 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.



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>6/30/2012</u>           | <u>6/30/2011</u>           |
| <b>Revenues</b>                                          |                            |                            |
| Operating:                                               |                            |                            |
| Tuition and fees                                         | \$ 7,749,248               | \$ 7,453,699               |
| Other                                                    | 1,865,799                  | 1,836,302                  |
| Nonoperating:                                            |                            |                            |
| Property taxes                                           | 43,701,144                 | 43,357,697                 |
| Government grants                                        | 11,892,501                 | 12,132,545                 |
| State aid                                                | 1,423,633                  | 4,700,545                  |
| Investment earnings                                      | 100,030                    | 96,181                     |
| Other                                                    | 710,239                    | 866,820                    |
| Settlement of litigation                                 | -                          | 1,800,000                  |
| Gain on disposal of capital assets                       | 17,477                     | 1,395                      |
| Total revenues                                           | <u>67,460,071</u>          | <u>72,245,184</u>          |
| <b>Expenses</b>                                          |                            |                            |
| Operating:                                               |                            |                            |
| Educational and general:                                 |                            |                            |
| Instruction                                              | 17,698,239                 | 18,775,348                 |
| Public service                                           | 468,221                    | 417,983                    |
| Academic support                                         | 5,506,885                  | 5,163,892                  |
| Student services                                         | 4,717,637                  | 4,799,851                  |
| Institutional support                                    | 8,322,159                  | 8,048,375                  |
| Operation and maintenance of plant                       | 5,658,989                  | 5,085,259                  |
| Scholarships                                             | 6,972,898                  | 8,246,942                  |
| Auxiliary enterprises                                    | 2,958,145                  | 3,272,931                  |
| Depreciation                                             | 4,964,260                  | 4,747,968                  |
| Other                                                    | 42,246                     | -                          |
| Total operating expenses                                 | <u>57,309,679</u>          | <u>58,558,549</u>          |
| Nonoperating                                             |                            |                            |
| Interest expense on debt                                 | <u>1,533,223</u>           | <u>2,388,920</u>           |
| Total expenses                                           | <u>58,842,902</u>          | <u>60,947,469</u>          |
| Income before other revenues, expenses, gains, or losses | 8,617,169                  | 11,297,715                 |
| Capital grants and gifts                                 | <u>505,035</u>             | <u>-</u>                   |
| Increase in net assets                                   | 9,122,204                  | 11,297,715                 |
| Total net assets, July 1                                 | <u>76,587,228</u>          | <u>65,289,513</u>          |
| <b>Total net assets, June 30</b>                         | <u><b>\$85,709,432</b></u> | <u><b>\$76,587,228</b></u> |

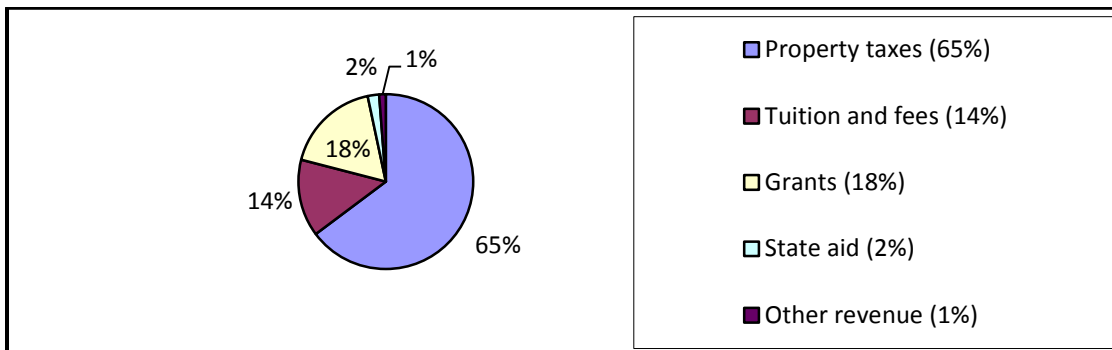
Revenues are separated into two categories -- operating and nonoperating. For a description of the difference between operating and nonoperating, please refer to the Summary of Significant Accounting Policies (Note 1).

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 slightly due to an 8.0% tuition rate increase being offset by lower enrollment. Property taxes increased less than 1.0% as a result of new construction. Lastly, state aid was cut by \$3.3 million or nearly 80% for fiscal year 2011-12 as a result of significant budget cuts made by the state.

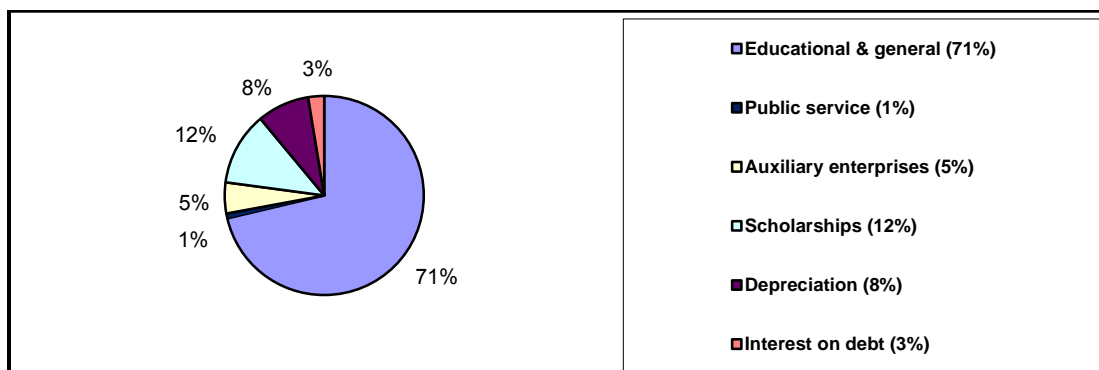
### Revenues by Source Fiscal Year 2012



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 decreased over the previous fiscal year by \$2,104,567. The majority of this decrease was due to several reasons including the reduction of institutional scholarships by slightly more than 50%, elimination of two sports programs, downsizing of the Nursing program, and the elimination of various positions throughout the District. The decrease in instruction expense was partially offset by the increase in academic support and institutional support expenses. This was primarily due to functional category changes made by the District to more closely align with the other Arizona community colleges and NACUBO's definitions of the categories.

### Expenses by Function Fiscal Year 2012



## **Capital Assets and Debt Management**

The District had a couple of major capital projects in progress at the end of the fiscal year including a complete renovation of the buildings on the Verde campus and the building of a new central plant/warehouse on the Verde campus. The majority of the renovations to the buildings were completed by the start of the fall 2012 semester. The central plant/warehouse is expected to be completed in early 2013 and the plant will provide all of the cooling and heating for the Verde Valley campus.

The buildings renovation project was funded from the District's Future Capital Projects Accumulation account. The new central plant/warehouse project was funded with a combination of pledged revenue obligation proceeds and the District's Future Capital Projects Accumulation monies.

Construction of the new Chilled Water Plant on the Prescott campus was completed in the summer of 2012. It replaced an aging system and was designed to meet the current and future cooling needs of the Prescott campus. Most of the project was funded with pledged revenue obligation proceeds.

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 \$4,964,260 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 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 June 14, 2012, the District advance refunded its series 2003 and 2005 general obligation bonds in the amounts of 16,600,000 and \$11,850,000, respectively. The 2003 and 2005 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 \$1,647,000 in interest costs over the life of the bonds, or \$1,452,000 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.

During fiscal year 2011-12, the District added \$28,242,900 to its outstanding long-term debt and reduced it by \$34,754,000. Long-term debt outstanding at June 30, 2012, is as follows:

| <b><u>Description</u></b>          | <b><u>Original Amount</u></b> | <b><u>Maturity Ranges</u></b> | <b><u>Interest Rates</u></b> | <b><u>Outstanding Principal</u></b> |
|------------------------------------|-------------------------------|-------------------------------|------------------------------|-------------------------------------|
| <b>General obligation bonds</b>    |                               |                               |                              |                                     |
| Project of 2003-Series B           | \$ 25,000,000                 | 7/1/12-13                     | 4.75%                        | \$ 1,200,000                        |
| Project of 2005-Series C           | 19,500,000                    | 7/1/12-14                     | 5.00%                        | 2,270,000                           |
| GO Refunding 2011                  | 9,640,000                     | 7/1/12-21                     | 3.00–5.00%                   | 8,550,000                           |
| GO Refunding 2012                  | 28,450,000                    | 7/1/12-24                     | 2.00–4.25%                   | 28,450,000                          |
| <b>Pledged revenue obligations</b> |                               |                               |                              |                                     |
| Series 2011                        | 14,000,000                    | 7/1/12-25                     | 4.00–5.00%                   | 13,065,000                          |
| <b>Capital leases</b>              |                               |                               |                              |                                     |
| Various                            | 784,500                       | 7/1/12-15                     | 4.00–5.15%                   | 260,918                             |

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, 2012**

|                                                       | <b>Business Type<br/>Activities</b> |
|-------------------------------------------------------|-------------------------------------|
| <b>ASSETS:</b>                                        |                                     |
| <b>Current assets:</b>                                |                                     |
| Cash and cash equivalents                             | \$ 21,221,660                       |
| Receivables (net of allowances for uncollectibles)    |                                     |
| Accounts                                              | 482,260                             |
| Property taxes                                        | 1,799,733                           |
| Government grants and contracts                       | 556,210                             |
| Student loans, current portion                        | 187,506                             |
| Other                                                 | 480,255                             |
| Prepaid expenses                                      | 328,845                             |
| Deferred charges                                      | 804,787                             |
| Total current assets                                  | 25,861,256                          |
| <b>Noncurrent assets:</b>                             |                                     |
| Restricted assets:                                    |                                     |
| Property taxes (net of allowances for uncollectibles) | 243,711                             |
| Student loans receivable                              | 158,958                             |
| Other receivables                                     | 936                                 |
| Capital assets, not being depreciated                 | 27,458,738                          |
| Capital assets, being depreciated, net                | 92,983,450                          |
| Total noncurrent assets                               | 120,845,793                         |
| Total assets                                          | 146,707,049                         |
| <b>LIABILITIES:</b>                                   |                                     |
| <b>Current liabilities:</b>                           |                                     |
| Accounts payable                                      | 1,585,401                           |
| Retainage payable                                     | 968,778                             |
| Accrued payroll and employee benefits                 | 1,536,965                           |
| Deposits held in custody for others                   | 94,435                              |
| Deferred revenues                                     | 1,195,714                           |
| Dormitory deposits                                    | 57,000                              |
| Current portion of compensated absences payable       | 116,296                             |
| Current portion of long-term debt                     | 4,914,094                           |
| Current portion of other long-term liabilities        | 26,496                              |
| Total current liabilities                             | 10,495,179                          |
| <b>Noncurrent liabilities:</b>                        |                                     |
| Compensated absences payable                          | 1,236,299                           |
| Long-term debt                                        | 49,164,389                          |
| Other                                                 | 101,750                             |
| Total noncurrent liabilities                          | 50,502,438                          |
| Total liabilities                                     | 60,997,617                          |
| <b>NET ASSETS:</b>                                    |                                     |
| Invested in capital assets, net of related debt       | 67,896,379                          |
| Restricted:                                           |                                     |
| Nonexpendable:                                        |                                     |
| Student loans                                         | 555,540                             |
| Expendable:                                           |                                     |
| Grants and contracts                                  | 331,716                             |
| Debt service                                          | 945,695                             |
| Unrestricted                                          | 15,980,102                          |
| Total net assets                                      | \$ 85,709,432                       |

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Statement of Financial Position - Component Unit  
June 30, 2012**

|                                          | <b>Yavapai<br/>College<br/>Foundation</b> |
|------------------------------------------|-------------------------------------------|
| <b>ASSETS:</b>                           |                                           |
| <b>CURRENT ASSETS</b>                    |                                           |
| Cash and cash equivalents                | \$ 912,616                                |
| Restricted cash                          | 175,803                                   |
| Promises to give, current portion        | 61,083                                    |
| Prepaid expenses                         | 5,537                                     |
| <b>TOTAL CURRENT ASSETS</b>              | <b>1,155,039</b>                          |
| PROMISES TO GIVE, net of current portion | 142,831                                   |
| PROPERTY AND EQUIPMENT, net              | 265,416                                   |
| INVESTMENTS                              | 8,381,809                                 |
| PROPERTIES HELD FOR SALE                 | 330,000                                   |
| OTHER ASSETS                             | 18,500                                    |
| <b>TOTAL ASSETS</b>                      | <b>\$ 10,293,595</b>                      |
| <b>LIABILITIES AND NET ASSETS:</b>       |                                           |
| Accounts payable                         | \$ 20,050                                 |
| Due to Yavapai College                   | 128,164                                   |
| Scholarships payable                     | 117,471                                   |
| Deferred revenue                         | 58,856                                    |
| <b>TOTAL CURRENT LIABILITIES</b>         | <b>324,541</b>                            |
| <b>NET ASSETS</b>                        |                                           |
| Unrestricted:                            |                                           |
| Undesignated                             | 407,839                                   |
| Designated                               | 513,946                                   |
| Total unrestricted                       | 921,785                                   |
| Temporarily restricted                   | 2,259,731                                 |
| Permanently restricted                   | 6,787,538                                 |
| <b>TOTAL NET ASSETS</b>                  | <b>9,969,054</b>                          |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>  | <b>\$ 10,293,595</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, 2012**

|                                                                 | <b>Business Type<br/>Activities</b> |
|-----------------------------------------------------------------|-------------------------------------|
| <b>Operating revenues:</b>                                      |                                     |
| Tuition and fees (net of scholarship allowances of \$3,157,572) | \$ 7,749,248                        |
| Bookstore income                                                | 212,952                             |
| Dormitory rentals (net of scholarship allowances of \$299,663)  | 661,380                             |
| Other                                                           | 991,467                             |
| Total operating revenues                                        | 9,615,047                           |
| <b>Operating expenses:</b>                                      |                                     |
| Educational and general:                                        |                                     |
| Instruction                                                     | 17,698,239                          |
| Public service                                                  | 468,221                             |
| Academic support                                                | 5,506,885                           |
| Student services                                                | 4,717,637                           |
| Institutional support                                           | 8,322,159                           |
| Operation and maintenance of plant                              | 5,658,989                           |
| Scholarships                                                    | 6,972,898                           |
| Auxiliary enterprises                                           | 2,958,145                           |
| Depreciation                                                    | 4,964,260                           |
| Other                                                           | 42,246                              |
| Total operating expenses                                        | 57,309,679                          |
| Operating income (loss)                                         | (47,694,632)                        |
| <b>Nonoperating revenues (expenses):</b>                        |                                     |
| Property taxes                                                  | 43,701,144                          |
| State appropriations                                            | 899,200                             |
| Government grants                                               | 11,892,501                          |
| Share of state sales taxes                                      | 524,433                             |
| Private grants and gifts                                        | 710,239                             |
| Investment earnings                                             | 100,030                             |
| Interest expense on debt                                        | (1,533,223)                         |
| Gain (Loss) on disposal of capital assets                       | 17,477                              |
| Total nonoperating revenues (expenses)                          | 56,311,801                          |
| Income before other revenues,<br>expenses, gains or losses      | 8,617,169                           |
| Capital grants and gifts                                        | 505,035                             |
| Increase in net assets                                          | 9,122,204                           |
| Total net assets - July 1, 2011                                 | 76,587,228                          |
| Total net assets - June 30, 2012                                | \$ 85,709,432                       |

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, 2012**

|                                                       | <b>Yavapai College<br/>Foundation</b> |
|-------------------------------------------------------|---------------------------------------|
| <b>REVENUE AND OTHER SUPPORT:</b>                     |                                       |
| Contributions and grants                              | \$ 1,187,228                          |
| Program service income                                | 9,225                                 |
| Community events                                      | 348,895                               |
| Rental income                                         | 116,112                               |
| Investment return                                     | 160,099                               |
|                                                       | 1,821,559                             |
| Special events:                                       |                                       |
| Revenues from special events                          | 51,111                                |
| Costs of direct donor benefits                        | (21,980)                              |
| Gross profit on special events                        | 29,131                                |
| <b>TOTAL REVENUE AND OTHER SUPPORT</b>                | <b>1,850,690</b>                      |
| <b>OPERATING EXPENSES:</b>                            |                                       |
| Program expenses                                      |                                       |
| Grants and scholarships                               | 164,400                               |
| Community events                                      | 372,018                               |
| Friends of Yavapai College Art                        | 29,808                                |
| Friends of Yavapai College Music                      | 3,247                                 |
| Friends of Yavapai College Library                    | 3,448                                 |
| Roughrider Club                                       | 13,387                                |
| PACE                                                  | 52,841                                |
| Friends of Verde Arts                                 | 408                                   |
| Greater Verde Valley Chapter                          | 7,588                                 |
| Other programs                                        | 557,624                               |
| Total program expenses                                | 1,204,769                             |
| Supporting expenses                                   |                                       |
| Administration                                        | 128,529                               |
| Fundraising                                           | 157,567                               |
| Depreciation of rental property                       | 10,541                                |
| Total supporting expenses                             | 296,637                               |
| <b>TOTAL OPERATING EXPENSES</b>                       | <b>1,501,406</b>                      |
| <b>CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES</b> | <b>349,284</b>                        |
| <b>IMPAIRMENT LOSS ON PROPERTY HELD FOR SALE</b>      | <b>60,000</b>                         |
| <b>CHANGE IN NET ASSETS</b>                           | <b>289,284</b>                        |
| <b>NET ASSETS - BEGINNING OF YEAR</b>                 | <b>9,679,770</b>                      |
| <b>NET ASSETS - END OF YEAR</b>                       | <b>\$ 9,969,054</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, 2012**

|                                                                  | <b>Business Type<br/>Activities</b> |
|------------------------------------------------------------------|-------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                     |                                     |
| Tuition and fees                                                 | \$ 7,658,608                        |
| Bookstore receipts                                               | 212,952                             |
| Dormitory rentals                                                | 661,380                             |
| Collection of loans to students                                  | 44,973                              |
| Other receipts                                                   | 780,462                             |
| Payments to suppliers and providers of goods and services        | (10,178,979)                        |
| Payments for employee wages and benefits                         | (34,849,722)                        |
| Loans issued to students                                         | (21,463)                            |
| Scholarship payments to students                                 | (6,972,898)                         |
| Net cash used for operating activities                           | (42,664,687)                        |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>          |                                     |
| Property taxes                                                   | 43,735,328                          |
| Grants                                                           | 11,912,991                          |
| State appropriations                                             | 899,200                             |
| Share of state sales taxes                                       | 524,433                             |
| Private gifts                                                    | 710,239                             |
| Settlement of Litigation                                         | 1,800,000                           |
| Federal direct lending receipts                                  | 5,045,472                           |
| Federal direct lending disbursements                             | (5,060,193)                         |
| Deposits held in custody receipts                                | 711,955                             |
| Deposits held in custody payments                                | (849,182)                           |
| Net cash provided by noncapital financing activities             | 59,430,243                          |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b> |                                     |
| Proceeds from sale of capital assets                             | 17,477                              |
| Payment to refunding bond escrow agent                           | (540,000)                           |
| Principal paid on capital debt                                   | (6,256,172)                         |
| Interest paid on capital debt                                    | (1,852,422)                         |
| Purchases of capital assets                                      | (22,880,708)                        |
| Net cash used for capital and related financing activities       | (31,511,825)                        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                     |                                     |
| Interest received on investments                                 | 100,030                             |
| Net cash provided by investing activities                        | 100,030                             |
| Net decrease in cash and cash equivalents                        | (14,646,239)                        |
| Cash and cash equivalents, July 1, 2011                          | 35,867,899                          |
| Cash and cash equivalents, June 30, 2012                         | \$ 21,221,660                       |
|                                                                  | (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, 2012  
(Continued)**

| Reconciliation of operating loss to net cash<br>used for operating activities:        | Business Type<br>Activities |
|---------------------------------------------------------------------------------------|-----------------------------|
| Operating loss                                                                        | \$ (47,694,632)             |
| Adjustments to reconcile operating loss to net cash used for<br>operating activities: |                             |
| Depreciation expense                                                                  | 4,964,260                   |
| Provision for uncollectible accounts                                                  | 51,487                      |
| Amortization of debt issuance costs                                                   | 42,246                      |
| Changes in assets and liabilities:                                                    |                             |
| Increase in accounts receivables                                                      | (381,285)                   |
| Increase in prepaid expenses                                                          | (30,459)                    |
| Increase in deferred revenues                                                         | 268,326                     |
| Increase in compensated absences                                                      | 225,430                     |
| Increase in accounts payable                                                          | 988,679                     |
| Increase in other receivables                                                         | (167,177)                   |
| Decrease in student loan receivables                                                  | 23,509                      |
| Decrease in accrued payroll benefits                                                  | (939,972)                   |
| Decrease in dormitory deposits                                                        | (2,100)                     |
| Decrease in other liabilities (accrued retiree)                                       | (12,999)                    |
| Net cash used for operating activities                                                | \$ (42,664,687)             |

**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 2003 and 2005. The \$28,450,000 of proceeds were deposited immediately into an irrevocable trust for the defeasance of \$16,600,000 of outstanding 2003 general obligation bonds and the defeasance of \$11,850,000 of outstanding 2005 general obligation bonds. The District amortized \$1,822,708 of bond premiums, (\$2,029,794) of deferred amount on refunding and \$332,914 of deferred bond issuance costs related to the general obligation refunding bonds.

Amortization of deferred bond issuance costs.

The District amortized \$42,246 of deferred bond issuance costs.

Amortization of premium on bonds and deferred amount on refunding.

The District amortized \$54,904 of bond premiums and \$6,743 of deferred amount on refunding.

Gifts of depreciable and non-depreciable assets.

The District recorded the receipt of gifts of depreciable and non-depreciable assets of \$505,035.

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2012**

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

Yavapai County Community College District's accounting policies 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 District's respective counterpart financial statements. For financial reporting purposes, only the Foundation's statements of financial position and activities are included in the District's financial statements as required by generally accepted accounting principles for public colleges and universities. The Foundation has a June 30 year end.

During the year ended June 30, 2012, the Foundation gifted property and funds in the amount of \$504,737 to or on behalf of the District for both restricted and unrestricted

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2012**

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 represents grants, contracts, gifts, and other resources that have been externally restricted for specific purposes. Unrestricted net assets includes 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 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



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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:

|                                   | <b><u>Capitalization<br/>Threshold</u></b> | <b><u>Depreciation<br/>Method</u></b> | <b><u>Estimated<br/>Useful Life</u></b> |
|-----------------------------------|--------------------------------------------|---------------------------------------|-----------------------------------------|
| 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                                |

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**Investment Earnings**

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

**Compensated Absences**

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

Employees may accumulate up to 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 the District provides 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.

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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, 2012, the carrying amount of the District's deposits was \$8,129,426, and the District's bank balance was \$12,447,753. At June 30, 2012, \$10,186,314 was fully insured through the FDIC and \$2,261,439 was uninsured with collateral held by the pledging financial institution's trust department or agent but not in the District's name. The District does not have a formal policy with respect to custodial credit risk for deposits.

**Investments** – The District's investments at June 30, 2012 were as follows:

| <u>Investment Type</u>             | <u>Amount</u>       |
|------------------------------------|---------------------|
| State Treasurer's investment pool  | \$ 101,250          |
| County Treasurer's investment pool | <u>12,986,434</u>   |
| Total                              | <u>\$13,087,684</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, 2012, 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       | \$ 101,250          |
| County Treasurer's investment pool  | Unrated       | Not applicable       | <u>12,986,434</u>   |
| Total                               |               |                      | <u>\$13,087,684</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 an outside party's possession.

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**Interest rate risk** – The District does not have a formal policy with respect to interest rate risk. At June 30, 2012, 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 | \$ 101,250          | 1.0                                       |
| County Treasurer's investment pool  | <u>12,986,434</u>   | 13.0                                      |
| Total                               | <u>\$13,087,684</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                            | \$ 4,550            | Cash and cash equivalents       | \$21,221,660        |
| Deposits                                | 8,129,426           |                                 |                     |
| Investments                             | <u>13,087,684</u>   |                                 |                     |
| Total                                   | <u>\$21,221,660</u> | Total                           | <u>\$21,221,660</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    | \$ 655,791              | \$(173,531)                        | \$ 482,260            |
| Property taxes      |                         |                                    |                       |
| Current             | 1,897,015               | (97,282)                           | 1,799,733             |
| Noncurrent          | 257,018                 | (13,307)                           | 243,711               |

**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, 2012, was as follows:

|                                              | Balance<br>July 1, 2011 | Increases            | Decreases       | Reclassification      | Balance<br>June 30, 2012 |
|----------------------------------------------|-------------------------|----------------------|-----------------|-----------------------|--------------------------|
| <b>Capital assets not being depreciated:</b> |                         |                      |                 |                       |                          |
| Land                                         | \$ 5,015,888            | \$ 400,000           | -               | -                     | \$ 5,415,888             |
| Construction in progress                     | <u>4,427,807</u>        | <u>21,975,382</u>    | <u>-</u>        | <u>\$ (4,360,339)</u> | <u>22,042,850</u>        |
| Total capital assets not being depreciated   | <u>9,443,695</u>        | <u>22,375,382</u>    | <u>-</u>        | <u>(4,360,339)</u>    | <u>27,458,738</u>        |
| <b>Capital assets being depreciated:</b>     |                         |                      |                 |                       |                          |
| Buildings                                    | 103,095,447             | 1,179,671            | -               | 3,852,534             | 108,127,652              |
| Improvements other than buildings            | 15,973,540              | 92,375               | -               | 507,805               | 16,573,720               |
| Equipment                                    | 10,996,027              | 841,185              | \$ 367,816      | -                     | 11,469,396               |
| Intangibles                                  | 273,587                 | -                    | -               | -                     | 273,587                  |
| Library books                                | <u>3,116,031</u>        | <u>122,128</u>       | <u>150,823</u>  | <u>-</u>              | <u>3,087,336</u>         |
| Total capital assets being depreciated       | <u>133,454,632</u>      | <u>2,235,359</u>     | <u>518,639</u>  | <u>4,360,339</u>      | <u>139,531,691</u>       |
| Less accumulated depreciation for:           |                         |                      |                 |                       |                          |
| Buildings                                    | 25,504,762              | 2,496,076            | -               | -                     | 28,000,838               |
| Improvements other than buildings            | 7,293,778               | 888,290              | -               | -                     | 8,182,068                |
| Equipment                                    | 7,065,697               | 1,411,645            | 364,380         | -                     | 8,112,962                |
| Intangibles                                  | 9,120                   | 9,120                | -               | -                     | 18,240                   |
| Library books                                | <u>2,225,827</u>        | <u>159,129</u>       | <u>150,823</u>  | <u>-</u>              | <u>2,234,133</u>         |
| Total accumulated depreciation               | <u>42,099,184</u>       | <u>4,964,260</u>     | <u>515,203</u>  | <u>-</u>              | <u>46,548,241</u>        |
| Total capital assets being depreciated, net  | <u>91,355,448</u>       | <u>(2,728,901)</u>   | <u>3,436</u>    | <u>4,360,339</u>      | <u>92,983,450</u>        |
| <b>Capital assets, net</b>                   | <u>\$100,799,143</u>    | <u>\$ 19,646,481</u> | <u>\$ 3,436</u> | <u>\$ -</u>           | <u>\$ 120,442,188</u>    |

The District has active construction projects as of June 30, 2012. At year end, the District's commitments with contractors are as follows:

| <u>Project</u>                 | <u>Source of Payment</u>          | <u>Costs-to-date<br/>Including<br/>Capitalized Interest</u> | <u>Remaining<br/>Commitment</u> |
|--------------------------------|-----------------------------------|-------------------------------------------------------------|---------------------------------|
| Chilled water plant – Prescott | Capital Project Accumulation Fund | \$9,958,084                                                 | \$ 796,952                      |
| Clarkdale central plant        | Capital Project Accumulation Fund | 7,032,413                                                   | 2,403,504                       |
| Verde campus renovation        | Capital Project Accumulation Fund | 5,041,563                                                   | 5,819,764                       |
| Verde campus renovation Bldg K | Capital Project Accumulation Fund | 868,154                                                     | 520,630                         |

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**Note 5 - Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2012, was as follows:

|                                                 | <u>Balance<br/>July 1, 2011</u> | <u>Additions</u>    | <u>Reductions</u>   | <u>Balance<br/>June 30, 2012</u> | <u>Due Within<br/>One Year</u> |
|-------------------------------------------------|---------------------------------|---------------------|---------------------|----------------------------------|--------------------------------|
| Compensated absences payable                    | \$1,127,165                     | \$1,032,456         | \$ 807,026          | \$1,352,595                      | \$ 116,296                     |
| Other                                           | <u>162,101</u>                  | <u>15,237</u>       | <u>49,092</u>       | <u>128,246</u>                   | <u>26,496</u>                  |
| Total                                           | <u>\$1,289,266</u>              | <u>\$ 1,047,693</u> | <u>\$ 856,118</u>   | <u>\$1,480,841</u>               | <u>\$142,792</u>               |
| Bonds payable:                                  |                                 |                     |                     |                                  |                                |
| General obligation bonds                        | \$43,935,000                    | \$28,450,000        | \$31,915,000        | \$40,470,000                     | \$3,860,000                    |
| Premium on general obligation refunding         | 365,173                         | 1,822,708           | 42,573              | 2,145,308                        | 187,905                        |
| Deferred amount on general obligation refunding | -                               | (2,029,794)         | (6,743)             | (2,023,051)                      | (168,589)                      |
| Pledged revenue obligations                     | 13,910,000                      | -                   | 845,000             | 13,065,000                       | 880,000                        |
| Premium on pledged revenue obligations          | 172,639                         | -                   | 12,331              | 160,308                          | 12,331                         |
| Revenue bonds                                   | <u>420,000</u>                  | <u>-</u>            | <u>420,000</u>      | <u>-</u>                         | <u>-</u>                       |
| Total bonds payable                             | 58,802,812                      | 28,242,914          | 33,228,161          | 53,817,565                       | 4,771,647                      |
| Capital leases payable                          | <u>1,787,090</u>                | <u>-</u>            | <u>1,526,172</u>    | <u>260,918</u>                   | <u>142,447</u>                 |
| Total long-term debt                            | <u>\$60,589,902</u>             | <u>\$28,242,914</u> | <u>\$34,754,333</u> | <u>\$54,078,483</u>              | <u>\$4,914,094</u>             |

**Bonds and Pledged Revenue Obligations** – The District's debt consists of various issues of general obligation 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. Pledged revenue obligations are repaid from tuition, fees, rentals, and other charges to students, faculty, and others. The original amounts of general obligation bonds and pledged revenue obligations outstanding at year-end and issued in prior years were \$54,140,000 and \$14,000,000, respectively.

On June 14, 2012, the District issued \$28,450,000 of general obligation refunding bonds with an average interest rate of 2.06 percent to advance refund \$16,600,000 of general obligation bonds, Series 2003(B), with an average interest rate of 3.49 percent and to advance refund \$11,850,000 of general obligation bonds, Series 2005(C), with an average interest rate of 4.24 percent. The general obligation refunding bonds of 2012 are subject to early redemption prior to their stated maturity dates. The net proceeds were placed in the Depository Trust Fund and will be held uninvested or used to acquire Government Obligations, the maturing principal of and interest income with respect to which are calculated to be sufficient to pay, when due, the principal of and interest on the bonds being refunded. As a result, the refunded debt liability as of June 30, 2012 for those refunded bonds of \$16,600,000 and \$11,850,000 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 \$1,646,944 over the next 12 years and obtained an economic gain (the present value of the difference between the

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old and new debt service payments discounted at the effective interest rate on the 2012 Bonds) of \$1,452,480.

In February 2011, the District issued \$9,640,000 of general obligation refunding bonds to advance refund \$9,640,000 of general obligation bonds, Series 2001(A). The District defeased these bonds by placing the proceeds in the Depository Trust Fund which were used to refund the bonds being refunded on July 1, 2011. The liabilities for the defeased bonds are not included in the financial statements. The general obligation refunding bonds of 2011 are not subject to early redemption prior to their stated maturity dates

The general obligation bond issues are subject to the federal tax code arbitrage requirements. Excess earnings resulting from arbitrage will be rebated to the federal government. The District's general obligation bond legal debt limit is 15% of the secondary assessed value of real and personal property within Yavapai County. The District's total general obligation bond debt capacity was \$413,053,616 as of June 30, 2012. Of this amount, the District has \$40,470,000 in general obligation bond debt applicable to the debt limit, leaving a legal debt margin of \$372,583,616.

In April 2011, the District issued \$14,000,000 of pledged revenue obligations of which \$4,564,513 was used to prepay a capital lease with SunTrust Bank. \$9,435,487 was used to construct the Prescott Chiller Water Plant and Clarkdale Central Plant. 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.

The District has pledged future tuition, fees, dormitory rentals, bookstore income and other charges to students, faculty and others to repay the April 2011 pledged revenue obligations. The pledged revenue obligations are payable solely from these revenue sources and are payable through 2025. Annual principal and interest payments on the pledged revenue obligations are expected to require less than 19.5% of tuition, fees, dormitory rentals, and bookstore income. In the current year, total revenues of \$9,644,951 were pledged to cover the principal and interest paid of \$1,878,256.

Bonds and pledged revenue obligations outstanding at June 30, 2012, were as follows:

| <u>Description</u>                 | <u>Original Amount<br/>Issued</u> | <u>Maturity<br/>Ranges</u> | <u>Interest<br/>Rates</u> | <u>Outstanding<br/>Principal</u> |
|------------------------------------|-----------------------------------|----------------------------|---------------------------|----------------------------------|
| <b>General obligation bonds</b>    |                                   |                            |                           |                                  |
| Project of 2003-Series B           | \$ 25,000,000                     | 7/1/12-7/1/13              | 4.75%                     | \$ 1,200,000                     |
| Project of 2005-Series C           | 19,500,000                        | 7/1/12-7/1/14              | 5.00%                     | 2,270,000                        |
| GO Refunding 2011                  | 9,640,000                         | 7/1/12-7/1/21              | 3.00-5.00%                | 8,550,000                        |
| GO Refunding 2012                  | 28,450,000                        | 7/1/12-7/1/24              | 2.00-4.25%                | 28,450,000                       |
| <b>Pledged revenue obligations</b> |                                   |                            |                           |                                  |
| Series 2011                        | 14,000,000                        | 7/1/12-7/1/25              | 4.00-5.00%                | 13,065,000                       |

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The following schedule details debt service requirements to maturity for the District's bonds payable and pledged revenue obligations at June 30, 2012:

| Year Ending June 30, | <b><u>General Obligation Bonds</u></b> |                        | <b><u>Pledged Revenue Obligations</u></b> |                        |
|----------------------|----------------------------------------|------------------------|-------------------------------------------|------------------------|
|                      | <b><u>Principal</u></b>                | <b><u>Interest</u></b> | <b><u>Principal</u></b>                   | <b><u>Interest</u></b> |
| 2013                 | \$ 3,860,000                           | \$1,328,669            | \$ 880,000                                | \$ 560,407             |
| 2014                 | 3,940,000                              | 1,109,600              | 915,000                                   | 528,356                |
| 2015                 | 4,070,000                              | 965,400                | 945,000                                   | 491,756                |
| 2016                 | 4,195,000                              | 850,850                | 985,000                                   | 453,956                |
| 2017                 | 4,295,000                              | 756,750                | 1,025,000                                 | 414,556                |
| 2018 – 22            | 17,260,000                             | 1,998,700              | 5,795,000                                 | 1,400,207              |
| 2023 – 25            | <u>2,850,000</u>                       | <u>176,625</u>         | <u>2,520,000</u>                          | <u>249,600</u>         |
| Total                | <u>\$40,470,000</u>                    | <u>\$7,186,594</u>     | <u>\$13,065,000</u>                       | <u>\$4,098,838</u>     |

**Capital Leases** - The District has acquired various items of machinery, furniture and equipment 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, 2012, are as follows:

|                                |                         |
|--------------------------------|-------------------------|
| Equipment                      | \$470,945               |
| Less: accumulated depreciation | <u>330,686</u>          |
| <b>Carrying value</b>          | <b><u>\$140,259</u></b> |

The determination of whether equipment acquired under capital leases is capitalized is based upon the capitalization thresholds specified in Note 1. Accordingly, the District owns an additional \$313,564 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, 2012:

|                                             |                         |
|---------------------------------------------|-------------------------|
| <b>Year ending June 30,</b>                 |                         |
| 2013                                        | \$ 152,020              |
| 2014                                        | 82,578                  |
| 2015                                        | <u>41,289</u>           |
| Total minimum lease payments                | 275,887                 |
| Less amount representing interest           | <u>14,969</u>           |
| Present value of net minimum lease payments | <b><u>\$260,918</u></b> |



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**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 \$225,000 for each insured's health claims, not to exceed a maximum aggregate attachment point of \$21,769,397. 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, 2012. The District is not liable for claims in excess of coverage limits and cannot be assessed supplemental premiums. The Trust's assets are managed by a separate board of directors.

**Note 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 insurance premium 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 N. Central Ave., P.O. Box 33910, Phoenix, AZ 85067-3910 or by calling (602) 240-2000 or (800) 621-3778.

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**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, 2012, active plan members were required by statute to contribute at the actuarially-determined rate of 10.74 percent (10.5 percent retirement and 0.24 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 10.74 percent (9.87 percent for retirement, 0.63 percent for health insurance premium, and 0.24 percent long-term disability) of the members' annual covered payroll.

The District offered a voluntary separation/retirement incentive program to continuing contract faculty during the fiscal year. The purpose of the program was to afford eligible faculty, who desire to leave or retire from the college, an opportunity to do so with additional financial incentives. The total unfunded liability as a result of the incentive program was \$108,209 which was paid by the District to the System.

The District's contributions, including the retirement incentive payment, 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<br/>Supplement Fund</u></b> | <b><u>Long-Term<br/>Disability Fund</u></b> |
|-----------------------------|-------------------------------|--------------------------------------------------|---------------------------------------------|
| 2012                        | \$1,824,631                   | \$109,470                                        | \$43,189                                    |
| 2011                        | 1,580,602                     | 105,373                                          | 43,906                                      |
| 2010                        | 1,445,435                     | 114,331                                          | 69,093                                      |

**Defined Contribution Plans**

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

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**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, 2012, the District contributed at the rate of 7.0 percent of the member's annual covered payroll. Employees contributed 10.5 percent of covered payroll. Contributions to these plans for the year ended June 30, 2012, were as follows:

| <u>Plan</u> | <u>Contribution<br/>Rates<br/>District/Employee</u> | <u>District<br/>Contributions</u> | <u>Employee<br/>Contributions</u> | <u>Total<br/>Contributions</u> |
|-------------|-----------------------------------------------------|-----------------------------------|-----------------------------------|--------------------------------|
| TIAA/CREF   | 7.0%/10.5%                                          | \$309,449                         | \$464,174                         | \$773,623                      |
| ING         | 7.0%/10.5%                                          | 107,272                           | 160,908                           | 268,180                        |
| VALIC       | 7.0%/10.5%                                          | 49,332                            | 73,998                            | 123,330                        |

**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            | \$34,138,872        |
| Contract services            | 2,979,157           |
| Supplies and other services  | 2,452,060           |
| Communications and utilities | 2,102,701           |
| Scholarships                 | 6,972,898           |
| Depreciation                 | 4,964,260           |
| Other                        | <u>3,699,731</u>    |
| Total                        | <u>\$57,309,679</u> |

**Note 9 - Contingencies**

The District has one potential contingent liability as of June 30, 2012, 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

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
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potentially liable for the full \$372,000 plus interest and penalties, management believes that the final amount will be significantly less.

**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 career and technical 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:

- 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

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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:

- Performing Arts Center – 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.

Other programs – Consists of support for the following programs:

|                                                              |                   |
|--------------------------------------------------------------|-------------------|
| Allocation of staff costs to program expenses                | \$ 143,360        |
| In-kind donation passed to Yavapai College                   | 114,233           |
| Verde River Economic Development Study grant project expense | 34,718            |
| Osher Endowment for Osher Lifelong Learning Institute        | 93,880            |
| LeGate Chair position                                        | 9,500             |
| Del E. Webb Family Enrichment Center                         | 35,750            |
| Zaki Gordon Film Institute                                   | 12,899            |
| Yavapai College sports teams                                 | 22,018            |
| Yavapai College honors program                               | 14,510            |
| Vineyard/winery project                                      | 54,333            |
| Other miscellaneous program support                          | <u>22,423</u>     |
|                                                              | <u>\$ 557,624</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.

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**Fair Value Measurements**

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).

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.

**Investments**

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.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
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Notes to Financial Statements  
June 30, 2012**

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

The Foundation follows Arizona's Management of Charitable Funds Act (MCFA) and its own governing documents. MCFA requires the preservation of endowment funds. When a donor's intent is not expressed, MCFA 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 MCFA.

In accordance with MCFA, 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

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
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June 30, 2012**

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 4%, while growing the funds if possible. 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.* For the year ended June 30, 2012, the Foundation has a practice of appropriating for distribution each year approximately 4% of its endowment funds' average fair value of the prior twelve quarters through December 31. Prior to the year ended June 30, 2012 the practice was to distribute approximately 5%. 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, 2012:

|                                                             |                            |
|-------------------------------------------------------------|----------------------------|
| Cash                                                        | \$ 43,660                  |
| Corporate bonds                                             | 1,624,276                  |
| Index funds                                                 | 2,017,378                  |
| Mortgage backed securities                                  | 418,383                    |
| Municipal bonds                                             | 652,170                    |
| Mutual funds                                                | 3,228,643                  |
| Mutual funds - held with Arizona Community Foundation (ACF) | 64,908                     |
| U.S. Treasury notes                                         | <u>332,391</u>             |
|                                                             | <u><b>\$ 8,381,809</b></u> |



**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
(YAVAPAI COLLEGE)  
Notes to Financial Statements  
June 30, 2012**

The following schedule summarizes the investment return for the year ended June 30, 2012:

|                               |                   |
|-------------------------------|-------------------|
| Interest and dividend income  | \$ 269,821        |
| Net realized gains            | 111,792           |
| Net unrealized gains (losses) | (167,238)         |
| Investment fees               | <u>(54,276)</u>   |
|                               | <u>\$ 160,099</u> |

**Fair Value of Financial 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. Property held for sale at June 30, 2012, includes a property that is valued based on assumptions used for a real estate broker's quote.

The following is a summary of these fair values at June 30, 2012:

|                                                  | <u>Level 1</u>      | <u>Level 2</u>      | <u>Level 3</u>    | <u>Total</u>        |
|--------------------------------------------------|---------------------|---------------------|-------------------|---------------------|
| Measured at fair value on a recurring basis:     |                     |                     |                   |                     |
| Cash                                             | \$ 43,660           | \$ -                | \$ -              | \$ 43,660           |
| Corporate bonds                                  | -                   | 1,624,276           | -                 | 1,624,276           |
| Index funds                                      | 2,017,378           | -                   | -                 | 2,017,378           |
| Mortgage backed securities                       | -                   | 418,383             | -                 | 418,383             |
| Municipal bonds                                  | -                   | 652,170             | -                 | 652,170             |
| Mutual funds                                     | 3,228,643           | -                   | -                 | 3,228,643           |
| Mutual funds - held by ACF                       | -                   | 64,908              | -                 | 64,908              |
| U.S. Treasury notes                              | <u>332,391</u>      | <u>-</u>            | <u>-</u>          | <u>332,391</u>      |
| Total investments                                | 5,622,072           | 2,759,737           | -                 | 8,381,809           |
| Other assets                                     | <u>-</u>            | <u>18,500</u>       | <u>-</u>          | <u>18,500</u>       |
|                                                  | <u>\$ 5,622,072</u> | <u>\$ 2,778,237</u> | <u>\$ -</u>       | <u>\$ 8,400,309</u> |
| Measured at fair value on a non-recurring basis: |                     |                     |                   |                     |
| Properties held for sale                         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ 330,000</u> | <u>\$ 330,000</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>                                                                                                                                                                                                    | 48                 |
| 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>                                                                                                                                                                                                    | 51                 |
| 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>                                                                                                                                                                                                       | 57                 |
| 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>                                                                                                                                                                                | 63                 |
| 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>                                                                                                                                                                                               | 68                 |
| 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

|                                                 | 2011/12       | 2010/11       | 2009/10       | 2008/09       | 2007/08       | 2006/07       | 2005/06 (2)   | 2004/05 (1)   | 2003/04       | 2002/03       |
|-------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Invested in capital assets, net of related debt | \$ 67,896,379 | \$ 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 |
| Restricted - expendable                         | 1,277,411     | 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     |
| Restricted - nonexpendable                      | 555,540       | 581,183       | 608,637       | 617,676       | 559,175       | 553,992       | 554,901       | 542,806       | 556,339       | 582,022       |
| Unrestricted                                    | 15,980,102    | 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     |
| Total net assets                                | \$ 85,709,432 | \$ 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 |
|                                                 |               |               |               |               |               |               |               |               |               |               |

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

|                                                            | 2011/12       | 2010/11       | 2009/10 (1)   | 2008/09       | 2007/08       | 2006/07       | 2005/06       | 2004/05       | 2003/04       | 2002/03       |
|------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Operating expenses:</b>                                 |               |               |               |               |               |               |               |               |               |               |
| Educational and general:                                   |               |               |               |               |               |               |               |               |               |               |
| Instruction                                                | \$ 17,698,239 | \$ 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 |
| Public service                                             | 468,221       | 417,983       | 422,084       | 445,716       | 482,123       | 469,694       | 427,283       | 536,325       | 645,631       | 529,506       |
| Academic support                                           | 5,506,885     | 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     |
| Student services                                           | 4,717,637     | 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     |
| Institutional support                                      | 8,322,159     | 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     |
| Operation and maintenance of plant                         | 5,658,989     | 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     |
| Scholarships                                               | 6,972,898     | 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     |
| Auxiliary enterprises                                      | 2,958,145     | 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     |
| Depreciation                                               | 4,964,260     | 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     |
| Other                                                      | 42,246        | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Total operating expenses                                   | 57,309,679    | 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    |
| <b>Operating revenues:</b>                                 |               |               |               |               |               |               |               |               |               |               |
| Tuition and fees pledged as security for revenue bonds     | 7,749,248     | 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     |
| Bookstore income                                           | 212,952       | 99,668        | 105,060       | 127,093       | 127,202       | 122,752       | 109,525       | 112,407       | 152,844       | 122,549       |
| 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       |
| Dormitory rentals pledged as security for revenue bonds    | 661,380       | 706,427       | 615,223       | 311,967       | 308,994       | 253,497       | 289,668       | 262,246       | 323,650       | 317,225       |
| Other                                                      | 991,467       | 990,130       | 865,619       | 802,981       | 883,519       | 969,866       | 1,343,169     | 1,251,091     | 1,428,657     | 1,447,689     |
| Total operating revenues                                   | 9,615,047     | 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     |
| Operating loss                                             | (47,694,632)  | (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)  |
| <b>Nonoperating revenues (expenses):</b>                   |               |               |               |               |               |               |               |               |               |               |
| Property taxes                                             | 43,701,144    | 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    |
| Government grants                                          | 11,892,501    | 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     |
| State appropriations                                       | 899,200       | 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     |
| Share of state sales taxes                                 | 524,433       | 504,545       | 525,705       | 575,637       | 645,345       | 661,207       | 527,127       | 505,338       | 483,665       | 457,449       |
| Private grants and gifts                                   | 710,239       | 866,820       | 691,196       | 368,773       | 1,036,345     | 258,992       | 358,063       | 297,474       | 251,758       | 71,519        |
| Investment earnings                                        | 100,030       | 96,181        | 85,984        | 327,532       | 726,726       | 958,016       | 817,166       | 399,527       | 498,605       | 128,400       |
| Interest expense on debt                                   | (1,533,223)   | (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)   |
| Settlement of litigation                                   | -             | 1,800,000     | -             | -             | -             | -             | -             | -             | -             | -             |
| Gain (loss) on disposal of capital assets                  | 17,477        | 1,395         | 3,590         | 1,035,796     | -             | (2,911)       | (6,007)       | -             | -             | 4,935         |
| Total nonoperating revenues                                | 56,311,801    | 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    |
| Income before other revenues,<br>expenses, gains or losses | 8,617,169     | 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     |
| Capital appropriations                                     | -             | -             | -             | -             | 703,900       | 678,500       | 686,900       | 683,800       | 567,400       | 567,400       |
| Capital grants and gifts                                   | 505,035       | -             | 318,368       | 65,182        | 2,798,621     | 45,410        | -             | -             | 28,977        | -             |
| Increase in net assets                                     | \$ 9,122,204  | \$ 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  |

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) |
|-------------|--------------------------------------|-------------------------------------------------|------------------------|
| 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                      |
| 2011/12     | 47,208,739                           | 47,208,738                                      | 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 year 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 | Original Tax Levy | Adjustments  | Adjusted Levy | Collections Initial Tax Year | Percentage of Original Tax Levy | Collections in Subsequent Years | Total Collections To Date | Percent of Total Tax Collections to Adjusted Levy |
|-------------|-------------------|--------------|---------------|------------------------------|---------------------------------|---------------------------------|---------------------------|---------------------------------------------------|
| 2002/03     | \$ 27,716,262     | \$ (107,748) | \$ 27,608,514 | \$ 26,566,640                | 95.85%                          | \$ 1,030,607                    | \$ 27,597,247             | 99.96%                                            |
| 2003/04     | 28,748,709        | (57,725)     | 28,690,984    | 27,766,489                   | 96.58%                          | 911,866                         | 28,678,355                | 99.96%                                            |
| 2004/05     | 31,323,257        | (139,478)    | 31,183,779    | 30,320,499                   | 96.80%                          | 847,248                         | 31,167,747                | 99.95%                                            |
| 2005/06     | 33,058,979        | (169,159)    | 32,889,820    | 32,138,159                   | 97.21%                          | 739,771                         | 32,877,930                | 99.96%                                            |
| 2006/07     | 35,442,857        | (168,597)    | 35,274,260    | 34,480,667                   | 97.29%                          | 781,349                         | 35,262,016                | 99.97%                                            |
| 2007/08     | 38,171,659        | (193,765)    | 37,977,894    | 36,874,670                   | 96.60%                          | 1,074,128                       | 37,948,798                | 99.92%                                            |
| 2008/09     | 40,572,257        | (132,085)    | 40,440,172    | 38,855,855                   | 95.77%                          | 1,540,413                       | 40,396,268                | 99.89%                                            |
| 2009/10     | 42,031,687        | (114,803)    | 41,916,884    | 40,105,227                   | 95.42%                          | 1,742,465                       | 41,847,692                | 99.83%                                            |
| 2010/11     | 43,495,629        | (98,545)     | 43,397,084    | 41,545,863                   | 95.52%                          | 1,705,928                       | 43,251,791                | 99.67%                                            |
| 2011/12     | 43,804,957        | (83,029)     | 43,721,928    | 41,965,795                   | 95.80%                          | -                               | 41,965,795                | 95.98%                                            |

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

Note 1: Includes both primary and secondary taxes.

Note 2: Amounts collected are on a cash basis.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 Last Ten Fiscal Years

| Fiscal Year | Primary Assessed Value          |                     |                              |                              | Total Direct Tax Rate (2) | Estimated Actual Value | Assessed Value as a Percentage of Actual Value |
|-------------|---------------------------------|---------------------|------------------------------|------------------------------|---------------------------|------------------------|------------------------------------------------|
|             | Residential and Vacant Property | Commercial Property | Unattached Personal Property | Total Taxable Assessed Value |                           |                        |                                                |
| 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                | 1.2617                    | 26,993,826,530         | 12.13%                                         |
| 2010/11     | 2,357,527,484                   | 767,441,706         | 62,608,487                   | 3,187,577,677                | 1.3609                    | 26,602,931,420         | 11.98%                                         |
| 2011/12     | 2,007,011,632                   | 623,434,540         | 81,731,709                   | 2,712,177,881                | 1.6175                    | 22,580,984,308         | 12.01%                                         |

Source: Yavapai County Assessor's Office.

Note 1: Property in the County is reassessed each year. Tax rates are per \$100 of assessed value.

Note 2: 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         |
| 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)  |
| 2011/12     | 1.4274(p)       | 1.8564(p)      | .0142(p)                           | 1.0950(p) | 1.1049(p)        | 7.8813(p)  |
|             | .1901(s)        | .4867(s)       | .0642(s)                           | 2.4506(s) | .0500(s)         | 1.4037(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     |
| 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    |
| 2011/12     | 2,712,177,881      | 1.4274   | 38,713,627    | 2,753,690,772      | .1901    | 5,234,766    |

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

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

| Taxpayer                                 | 2011 Primary<br>Assessed<br>Valuation | Rank | Percent of<br>Yavapai<br>County's<br>2011/12<br>Primary<br>Assessed<br>Valuation | 2002 Primary<br>Assessed<br>Valuation (1) | Rank | Percent of<br>Yavapai<br>County's<br>2002/03<br>Primary<br>Assessed<br>Valuation |
|------------------------------------------|---------------------------------------|------|----------------------------------------------------------------------------------|-------------------------------------------|------|----------------------------------------------------------------------------------|
| Phelps Dodge Bagdad Copper Company       | \$ 161,545,894                        | 1    | 5.96%                                                                            | \$ 21,065,211                             | 2    | 1.52%                                                                            |
| Arizona Public Service                   | 87,247,487                            | 2    | 3.22%                                                                            | 57,836,572                                | 1    | 4.17%                                                                            |
| Transwestern Pipeline Company            | 30,190,221                            | 3    | 1.11%                                                                            | 7,684,420                                 | 7    | 0.55%                                                                            |
| Phoenix Cement Co / Salt River Materials | 27,309,650                            | 4    | 1.01%                                                                            | -                                         | -    | -                                                                                |
| Drake Cement                             | 19,979,189                            | 5    | 0.74%                                                                            | -                                         | -    | -                                                                                |
| Unisource Energy Corporation             | 14,489,419                            | 6    | 0.53%                                                                            | -                                         | -    | -                                                                                |
| Qwest                                    | 11,478,653                            | 7    | 0.42%                                                                            | 18,303,479                                | 3    | 1.32%                                                                            |
| Burlington Northern Santa Fe Railroad    | 10,119,508                            | 8    | 0.37%                                                                            | 9,258,112                                 | 5    | 0.67%                                                                            |
| El Paso Natural Gas Company              | 9,039,557                             | 9    | 0.33%                                                                            | 8,230,239                                 | 6    | -                                                                                |
| TWC II - Prescott Mall LLC               | 5,897,740                             | 10   | 0.22%                                                                            | -                                         | -    | -                                                                                |
| Citizens Utility Company                 | -                                     | -    | -                                                                                | 14,109,574                                | 4    | 1.02%                                                                            |
| ACE Hardware                             | -                                     | -    | -                                                                                | 3,611,450                                 | 10   | 0.26%                                                                            |
| New Enchantment LP                       | -                                     | -    | -                                                                                | 5,675,540                                 | 8    | 0.41%                                                                            |
| Cyprus Bagdad Copper Company             | -                                     | -    | -                                                                                | 4,663,814                                 | 9    | 0.34%                                                                            |
| Total Top Ten                            | <u>\$ 377,297,318</u>                 |      | <u>13.91%</u>                                                                    | <u>\$ 150,438,411</u>                     |      | <u>10.26%</u>                                                                    |

Source: Yavapai County Assessor.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
TUITION SCHEDULE  
Last Ten Fiscal Years

| <b>Fiscal Year</b> | <b>Annual<br/>Tuition Rates (1)</b> | <b>Tuition per<br/>Credit Hour</b> |
|--------------------|-------------------------------------|------------------------------------|
| 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                                 |
| 2011/12            | 2,010                               | 67                                 |

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<br>Obligation<br>Bonds | Revenue<br>Bonds | Pledged<br>Revenue<br>Obligations | Capital Lease<br>Obligations | Total<br>Outstanding<br>Debt | Percentage<br>of personal<br>Income (1) | Per<br>Capita<br>(1) |
|-------------|--------------------------------|------------------|-----------------------------------|------------------------------|------------------------------|-----------------------------------------|----------------------|
| 2002/03     | \$ 23,865,000                  | \$ 1,690,000     | \$ -                              | \$ 153,344                   | \$ 25,708,344                | 0.61%                                   | \$ 141               |
| 2003/04     | 45,680,000                     | 1,560,000        | -                                 | 320,864                      | 47,560,864                   | 1.02%                                   | 253                  |
| 2004/05     | 61,725,000                     | 1,425,000        | -                                 | 826,824                      | 63,976,824                   | 1.21%                                   | 327                  |
| 2005/06     | 59,235,000                     | 1,280,000        | -                                 | 2,148,280                    | 62,663,280                   | 1.08%                                   | 307                  |
| 2006/07     | 56,425,000                     | 1,125,000        | -                                 | 8,089,092                    | 65,639,092                   | 1.04%                                   | 314                  |
| 2007/08     | 53,510,000                     | 965,000          | -                                 | 10,952,114                   | 65,427,114                   | 0.99%                                   | 310                  |
| 2008/09     | 50,470,000                     | 795,000          | -                                 | 9,140,549                    | 60,405,549                   | 0.98%                                   | 286                  |
| 2009/10     | 47,310,000                     | 615,000          | -                                 | 7,912,310                    | 55,837,310                   | 0.89%                                   | 264                  |
| 2010/11     | 43,935,000                     | 420,000          | 13,910,000                        | 1,787,090                    | 60,052,090                   | 0.95%                                   | 283                  |
| 2011/12     | 40,470,000                     | -                | 13,065,000                        | 260,918                      | 53,795,918                   | 0.83%                                   | 252                  |

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 68 for data.

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

|                                                                          | 2011/12          | 2010/11          | 2009/10          | 2008/09          | 2007/08          | 2006/07          | 2005/06          | 2004/05          | 2003/04          | 2002/03          |
|--------------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Secondary Assessed Value</b>                                          | \$ 2,753,690,772 | \$ 3,350,111,921 | \$ 3,824,935,514 | \$ 3,746,625,208 | \$ 2,853,059,731 | \$ 2,302,712,940 | \$ 2,020,575,209 | \$ 1,783,988,336 | \$ 1,602,480,129 | \$ 1,450,497,580 |
| <b>Legal Debt Margin</b>                                                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Debt limit - 15% of secondary assessed value                             | 413,053,616      | 502,516,788      | 573,740,327      | 561,993,781      | 427,958,960      | 345,406,941      | 303,086,281      | 267,598,250      | 240,372,019      | 217,574,637      |
| Amount of debt applicable to debt limit:                                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| General obligation bonded debt                                           | (40,470,000)     | (43,935,000)     | (47,310,000)     | (50,470,000)     | (53,510,000)     | (56,425,000)     | (59,235,000)     | (61,725,000)     | (45,680,000)     | (23,865,000)     |
| Legal debt margin                                                        | \$ 372,583,616   | \$ 458,581,788   | \$ 526,430,327   | \$ 511,523,781   | \$ 374,448,960   | \$ 288,981,941   | \$ 243,851,281   | \$ 205,873,250   | \$ 194,692,019   | \$ 193,709,637   |
| Total general obligation bonded debt as a percentage of legal debt limit | 9.80%            | 8.74%            | 8.25%            | 8.98%            | 12.50%           | 16.34%           | 19.54%           | 23.07%           | 19.00%           | 10.97%           |

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 |
|-------------|---------------------------------------|-----------------------------------------|---------------|-----------------------------------------------------------------|-----------------|-------------------------------------------------|----------------------------|
| 2002/03     | 182,090                               | \$ 1,450,497,580                        | \$ 23,865,000 | \$ 466,245                                                      | \$ 23,398,755   | 1.61%                                           | \$ 128.50                  |
| 2003/04     | 187,822                               | 1,602,480,129                           | 45,680,000    | 442,460                                                         | 45,237,540      | 2.82%                                           | 240.85                     |
| 2004/05     | 195,424                               | 1,785,174,684                           | 61,725,000    | 443,359                                                         | 61,281,641      | 3.43%                                           | 313.58                     |
| 2005/06     | 204,082                               | 2,020,575,209                           | 59,235,000    | 583,290                                                         | 58,651,710      | 2.90%                                           | 287.39                     |
| 2006/07     | 208,773                               | 2,302,712,940                           | 56,425,000    | 664,470                                                         | 55,760,530      | 2.42%                                           | 267.09                     |
| 2007/08     | 211,211                               | 2,853,059,731                           | 53,510,000    | 907,674                                                         | 52,602,326      | 1.84%                                           | 249.05                     |
| 2008/09     | 211,172                               | 3,746,625,208                           | 50,470,000    | 929,506                                                         | 49,540,494      | 1.32%                                           | 234.60                     |
| 2009/10     | 211,144                               | 3,824,935,514                           | 47,310,000    | 948,903                                                         | 46,361,097      | 1.21%                                           | 219.57                     |
| 2010/11     | 211,888                               | 3,350,111,921                           | 43,935,000    | 1,171,570                                                       | 42,763,430      | 1.28%                                           | 201.82                     |
| 2011/12     | 213,654                               | 2,753,690,772                           | 40,470,000    | 945,695                                                         | 39,524,305      | 1.44%                                           | 184.99                     |

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.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO OPERATING  
EXPENSES/EXPENDITURES  
Last Ten Fiscal Years

| <b>Fiscal<br/>Year</b> | <b>Principal</b> | <b>Interest</b> | <b>Total<br/>Debt<br/>Service</b> | <b>Total<br/>Operating<br/>Expenses/<br/>Expenditures</b> | <b>Percentage of<br/>Debt Service to<br/>Operating<br/>Expenses/<br/>Expenditures</b> |
|------------------------|------------------|-----------------|-----------------------------------|-----------------------------------------------------------|---------------------------------------------------------------------------------------|
| 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%                                                                                 |
| 2011/12                | 3,465,000        | 1,183,518       | 4,648,518                         | 57,309,679                                                | 8.11%                                                                                 |

Source: District records.



YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
GENERAL OBLIGATION BONDS  
June 30, 2012

| Jurisdiction                              | <u>Debt<br/>Outstanding</u> |
|-------------------------------------------|-----------------------------|
| <u>Direct Debt:</u>                       |                             |
| Yavapai County Community College District | \$ 40,470,000               |
| Total direct debt                         | <u>40,470,000</u>           |
| <u>Overlapping Debt(1):</u>               |                             |
| School Districts                          | 132,190,000                 |
| City of Prescott                          | <u>2,170,000</u>            |
| Total overlapping debt                    | <u>134,360,000</u>          |
| Total direct and overlapping debt         | <u>\$ 174,830,000</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   |            |          |
| 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    |
| 2011/12     | 9,644,951            | 1,265,000                     | 613,256    | 1,878,256  | 5.14     |

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, 2012

| <b>Employment by Sector</b>         | <b>Employees</b> |
|-------------------------------------|------------------|
| Mining and Construction             | 4,200            |
| Education and Health Services       | 9,800            |
| Financial Activities                | 1,800            |
| Government                          | 10,200           |
| Leisure and Hospitality             | 7,700            |
| Manufacturing                       | 2,800            |
| Professional and Business Services  | 3,100            |
| Trade, Transportation and Utilities | 11,600           |
| Information                         | 600              |
| Other Services                      | 2,300            |

| <b>Employment by Occupation</b>        | <b>Percent of Total</b> |
|----------------------------------------|-------------------------|
| Office and Administrative              | 15.5%                   |
| Sales and Related                      | 11.7%                   |
| Food Preparation and Serving Related   | 11.4%                   |
| Education, Training, and Library       | 7.7%                    |
| Healthcare Practitioners and Technical | 6.6%                    |
| Transportation and Material Moving     | 5.9%                    |
| Management                             | 5.3%                    |
| Construction and Extraction            | 5.0%                    |
| Protective Service                     | 4.3%                    |
| Production                             | 4.2%                    |
| Installation, Maintenance, and Repair  | 4.1%                    |
| Healthcare Support                     | 3.9%                    |
| Building, Grounds and Maintenance      | 3.6%                    |
| Personal Care and Service              | 2.9%                    |
| Business and Financial Operations      | 2.6%                    |
| Other                                  | 5.2%                    |

|                          |      |
|--------------------------|------|
| <b>Unemployment Rate</b> | 8.8% |
|--------------------------|------|

|                    |        |
|--------------------|--------|
| <b>Labor Force</b> | 92,111 |
|--------------------|--------|

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 2011/12   |      |                                          | FY 2002/2003 |      |                                          |
|----------------------------------|--------------|------|------------------------------------------|--------------|------|------------------------------------------|
|                                  | Employees    | Rank | Percent of<br>Total County<br>Employment | Employees    | Rank | Percent of<br>Total County<br>Employment |
| Yavapai County                   | 1,388        | 1    | 1.51%                                    | 1,213        | 1    | 1.62%                                    |
| Yavapai Regional Medical Center  | 1,377        | 2    | 1.49%                                    | 730          | 4    | 0.98%                                    |
| Veterans Medical Center          | 932          | 3    | 1.01%                                    | 550          | 6    | 0.74%                                    |
| Verde Valley Medical Center      | 900          | 4    | 0.98%                                    | 351          | 9    | 0.47%                                    |
| Cyprus Bagdad Copper Mine        | 854          | 5    | 0.93%                                    | 535          | 7    | 0.72%                                    |
| Wal-Mart                         | 750          | 6    | 0.81%                                    | 300          | 11   | 0.40%                                    |
| Humbolt Unified School District  | 636          | 7    | 0.69%                                    | -            | -    | -                                        |
| Yavapai College                  | 619          | 8    | 0.67%                                    | 831          | 3    | 1.11%                                    |
| Prescott Unified School District | 521          | 9    | 0.57%                                    | 573          | 5    | 0.77%                                    |
| City of Prescott                 | 500          | 10   | 0.54%                                    | 385          | 8    | 0.51%                                    |
| Sturm Ruger & Company            | -            | -    | -                                        | 1,176        | 2    | 1.57%                                    |
| State of Arizona                 | -            | -    | -                                        | 330          | 10   | 0.44%                                    |
| Total                            | <u>8,477</u> |      | <u>9.20%</u>                             | <u>6,974</u> |      | <u>9.33%</u>                             |

Source: City of Prescott and District records.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
MISCELLANEOUS STATISTICS  
June 30, 2012

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

| <b>Population</b> | <b>2000</b> | <b>2010</b> | <b>2011</b> |
|-------------------|-------------|-------------|-------------|
| Yavapai County    | 167,517     | 211,144     | 211,888     |
| State of Arizona  | 5,130,632   | 6,392,017   | 6,482,505   |

| <b>Age Distribution*</b> | <b>% of Total</b> |
|--------------------------|-------------------|
| 0-14                     | 14.9%             |
| 15-24                    | 10.6%             |
| 25-44                    | 18.1%             |
| 45-64                    | 30.8%             |
| 65+                      | 25.6%             |

| <b>Population Composition *</b> | <b>% of Total</b> |
|---------------------------------|-------------------|
| <u>RACE</u>                     |                   |
| White                           | 80.3%             |
| Hispanic                        | 13.9%             |
| African American                | 0.8%              |
| Native American                 | 2.0%              |
| Asian or Pacific Islander       | 1.0%              |
| Other                           | 2.0%              |
| TOTAL                           | <u>100.0%</u>     |

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

| <b>Fiscal Year</b> | <b>Population</b> | <b>Personal<br/>Income<br/>(amounts<br/>expressed in<br/>thousands)</b> | <b>Per Capita<br/>Personal<br/>Income (1)</b> |
|--------------------|-------------------|-------------------------------------------------------------------------|-----------------------------------------------|
| 2002/03            | 182,090           | \$ 4,211,111                                                            | \$ 23,127                                     |
| 2003/04            | 187,822           | 4,681,089                                                               | 24,923                                        |
| 2004/05            | 195,424           | 5,278,913                                                               | 27,013                                        |
| 2005/06            | 204,082           | 5,816,637                                                               | 28,501                                        |
| 2006/07            | 208,773           | 6,345,305                                                               | 30,393                                        |
| 2007/08            | 211,211           | 6,450,243                                                               | 30,539                                        |
| 2008/09            | 211,172           | 6,157,094                                                               | 29,157                                        |
| 2009/10            | 211,144           | 6,246,876                                                               | 29,586                                        |
| 2010/11            | 211,888           | 6,517,132                                                               | 30,757                                        |
| 2011/12            | 213,654           | 6,787,389                                                               | 31,768                                        |

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 2010/11 and 2011/12. Amounts were estimated based  
upon the prior 5 year average increase.

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

| Fiscal Year | Attendance |           | Gender |        | Residency |               |              |         |
|-------------|------------|-----------|--------|--------|-----------|---------------|--------------|---------|
|             | Full-Time  | Part-Time | Male   | Female | Resident  | Out of County | Out of State | Foreign |
| 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%    |
| 2011/12     | 26.9%      | 73.1%     | 43.0%  | 57.0%  | 86.4%     | 6.9%          | 6.6%         | 0.1%    |

| Fiscal Year | Degrees Awarded | Certificates Awarded |
|-------------|-----------------|----------------------|
| 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                  |
| 2011/12     | 518             | 608                  |

| Fiscal Year | Age    |      | Ethnic Background |                |          |                  |       |               |
|-------------|--------|------|-------------------|----------------|----------|------------------|-------|---------------|
|             | Median | Mean | American Indian   | Asian American | Hispanic | African American | White | Other/Unknown |
| 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%         |
| 2011/12     | 27     | 33   | 2.2%              | 0.9%           | 10.2%    | 0.9%             | 62.7% | 23.1%         |

Source: District records.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT  
HISTORIC ENROLLMENT  
Last Ten Fiscal Years

|                  | 2011/12 | 2010/11 | 2009/10 | 2008/09 | 2007/08 | 2006/07 | 2005/06 | 2004/05 | 2003/04 | 2002/03 |
|------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>Headcount</b> | 11,616  | 12,973  | 13,493  | 14,139  | 15,582  | 16,312  | 15,936  | 13,398  | 14,463  | 14,212  |

| <b>FTSE by Campus</b> | 2011/12      | 2010/11      | 2009/10      | 2008/09      | 2007/08      | 2006/07      | 2005/06      | 2004/05      | 2003/04      | 2002/03      |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Prescott              | 1,605        | 1,894        | 2,397        | 2,398        | 2,208        | 2,141        | 1,954        | 1,882        | 1,962        | 2,047        |
| Verde                 | 337          | 453          | 652          | 714          | 694          | 701          | 692          | 624          | 549          | 551          |
| Sedona                | 25           | 40           | 90           | 102          | 110          | 135          | 129          | 125          | 136          | 123          |
| Prescott Valley       | 198          | 220          | 266          | 371          | 335          | 364          | 269          | 290          | 273          | 220          |
| Chino Valley          | 106          | 120          | 108          | 138          | 142          | 133          | 127          | 121          | 109          | 80           |
| Elderhostel (1)       | -            | -            | -            | -            | -            | 72           | 112          | 95           | 146          | 136          |
| CTEC (2)              | 196          | 152          | 138          | 137          | 111          | -            | -            | -            | -            | -            |
| Online (3)            | 1,095        | 915          | -            | -            | -            | -            | -            | -            | -            | -            |
| Other (4)             | 412          | 412          | 269          | 25           | 90           | 71           | 69           | 94           | 96           | 99           |
| <b>Total District</b> | <b>3,974</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> |

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

|                | 2011/12 | 2010/11 | 2009/10 | 2008/09 | 2007/08 | 2006/07 | 2005/06 | 2004/05 | 2003/04 | 2002/03 |
|----------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>Faculty</b> |         |         |         |         |         |         |         |         |         |         |
| Regular        | 111     | 107     | 104     | 104     | 101     | 102     | 97      | 97      | 92      | 95      |
| Adjunct        | 405     | 394     | 448     | 476     | 523     | 474     | 330     | 342     | 368     | 572     |
| <b>Staff</b>   |         |         |         |         |         |         |         |         |         |         |
| Regular        | 295     | 303     | 334     | 329     | 318     | 317     | 284     | 307     | 318     | 288     |
| Temporary (1)  | 119     | 119     | 160     | 182     | 180     | 177     | 188     | 198     | 230     | 224     |

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                   | 2011/12              | 2010/11              | 2009/10              | 2008/09              | 2007/08              | 2006/07              | 2005/06              | 2004/05              | 2003/04              | 2002/03              |
|------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Computers and Peripherals    | \$ 1,279,780         | \$ 1,316,755         | \$ 1,316,755         | \$ 1,225,045         | \$ 1,452,005         | \$ 1,161,346         | \$ 1,173,513         | \$ 979,865           | \$ 885,220           | \$ 742,745           |
| Network Equipment            | 1,979,635            | 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            |
| Audio Visual Equipment       | 624,112              | 503,250              | 396,971              | 175,567              | 480,767              | 481,299              | 506,007              | 541,896              | 541,896              | 561,457              |
| Office Equipment & Furniture | 4,216,286            | 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            |
| Software                     | 2,149,148            | 2,149,148            | 2,022,682            | 1,918,654            | 1,286,076            | -                    | -                    | -                    | -                    | -                    |
| Vehicles                     | 1,220,435            | 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            |
| Intangibles                  | 273,587              | 273,587              | 273,587              | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Library Books                | 3,087,336            | 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            |
| Buildings                    | 108,127,652          | 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           |
| Construction in Progress     | 22,042,850           | 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            | 16,573,720           | 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            |
| Land                         | 5,415,888            | 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            |
|                              | <b>\$166,990,429</b> | <b>\$142,898,327</b> | <b>\$137,123,786</b> | <b>\$133,370,403</b> | <b>\$129,291,988</b> | <b>\$119,346,946</b> | <b>\$110,563,396</b> | <b>\$ 98,364,784</b> | <b>\$ 81,196,924</b> | <b>\$ 57,673,336</b> |

Source: District records.