

# Financial Review FY 2014-15

Overview of Yavapai College  
Certified Annual Financial Report

**YC**

Yavapai College

February 2016

# Highlights of the CAFR Include:

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- ▶ Unmodified Audit Opinion
- ▶ The Certificate of Achievement for Excellence in Financial Reporting award from GFOA
- ▶ Positive Financial Results
- ▶ GASB 68 Implementation
  - Changed the way pension liabilities must be reported on the financial statements



# GASB 68 Implementation

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- ▶ YC was required to recognize its proportionate share of ASRS's unfunded liabilities.
- ▶ ASRS Plan Funded Status  $\approx$  77%
- ▶ \$31M Pension Expense and Net Pension Liability
- ▶ Restatement of Net Position – July 1, 2014 (retro)
- ▶ Adjust Annually – fluctuate ( $\uparrow\downarrow$ ) based on investment performance, various assumptions and actuarial calculations

# GASB 68 Implementation

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- ▶ What do these pension liabilities mean?
  - It's important information on the funding status of the ASRS.
  - It's not a legal obligation – YC and employees will continue to pay their required contributions.
  - If the funding status deteriorated significantly – contribution rates would most likely increase substantially (e.g. PSPRS).

# CAFR Financial Statements

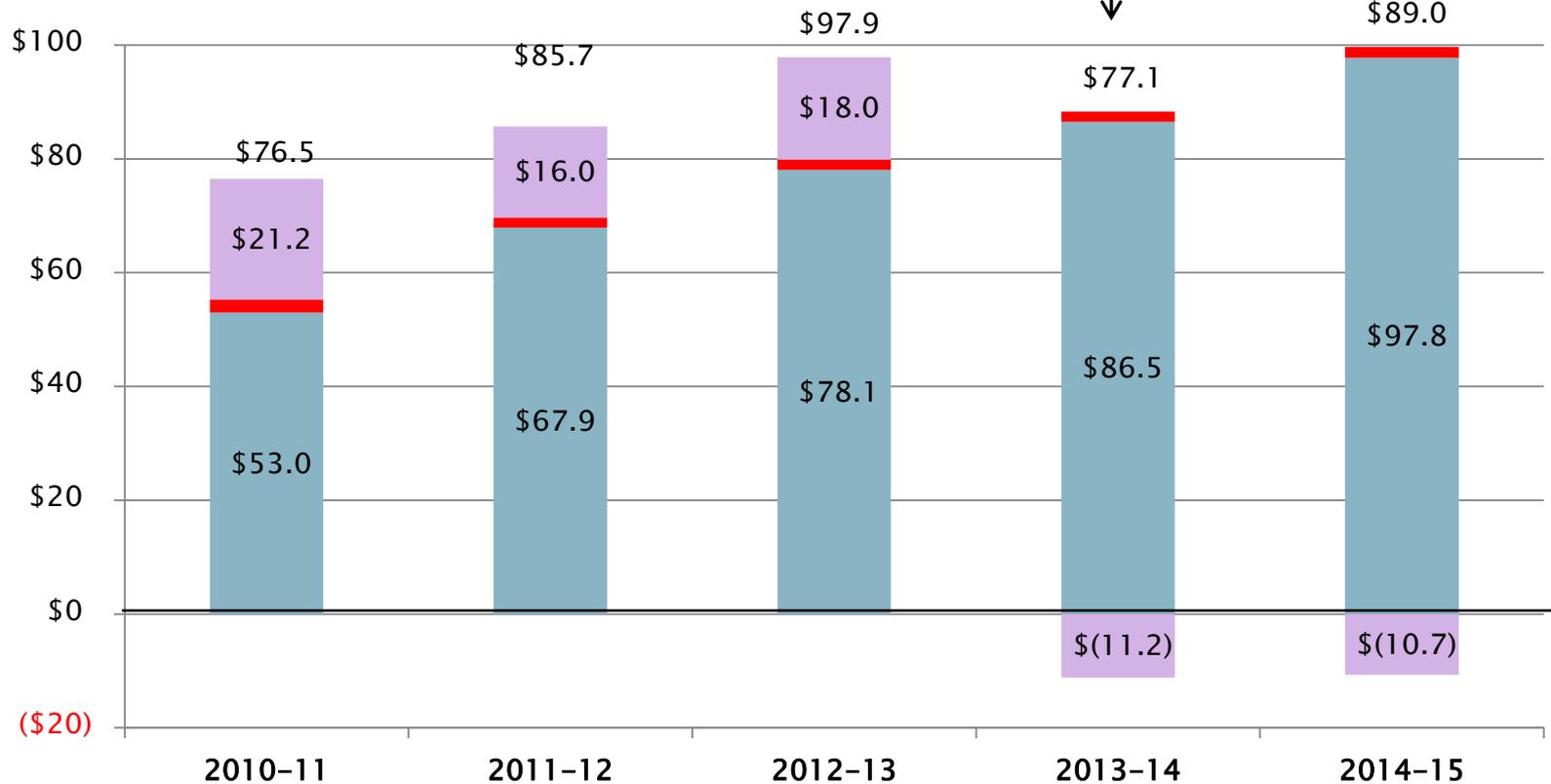
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- ▶ Statement of Net Position (Balance Sheet)
- ▶ Statement of Revenues, Expenses, and Changes in Net Position (Income Statement)
- ▶ Statement of Cash flows

# Statement of Net Position

(in millions of dollars)

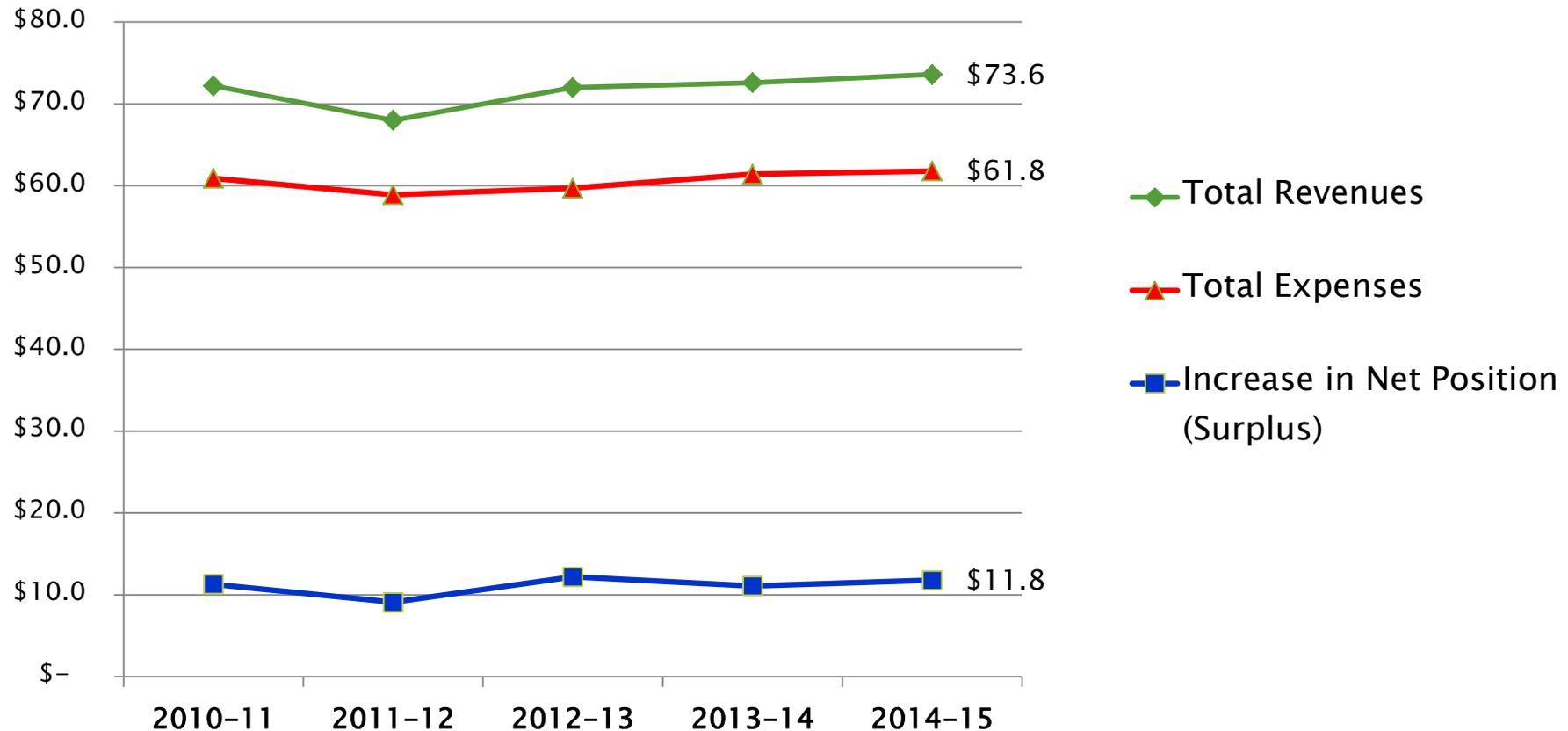
GASB 68 Effect  
Total N/P was \$108M



■ Net Investment in capital assets    
 ■ Restricted Net Assets    
 ■ Unrestricted Net Assets

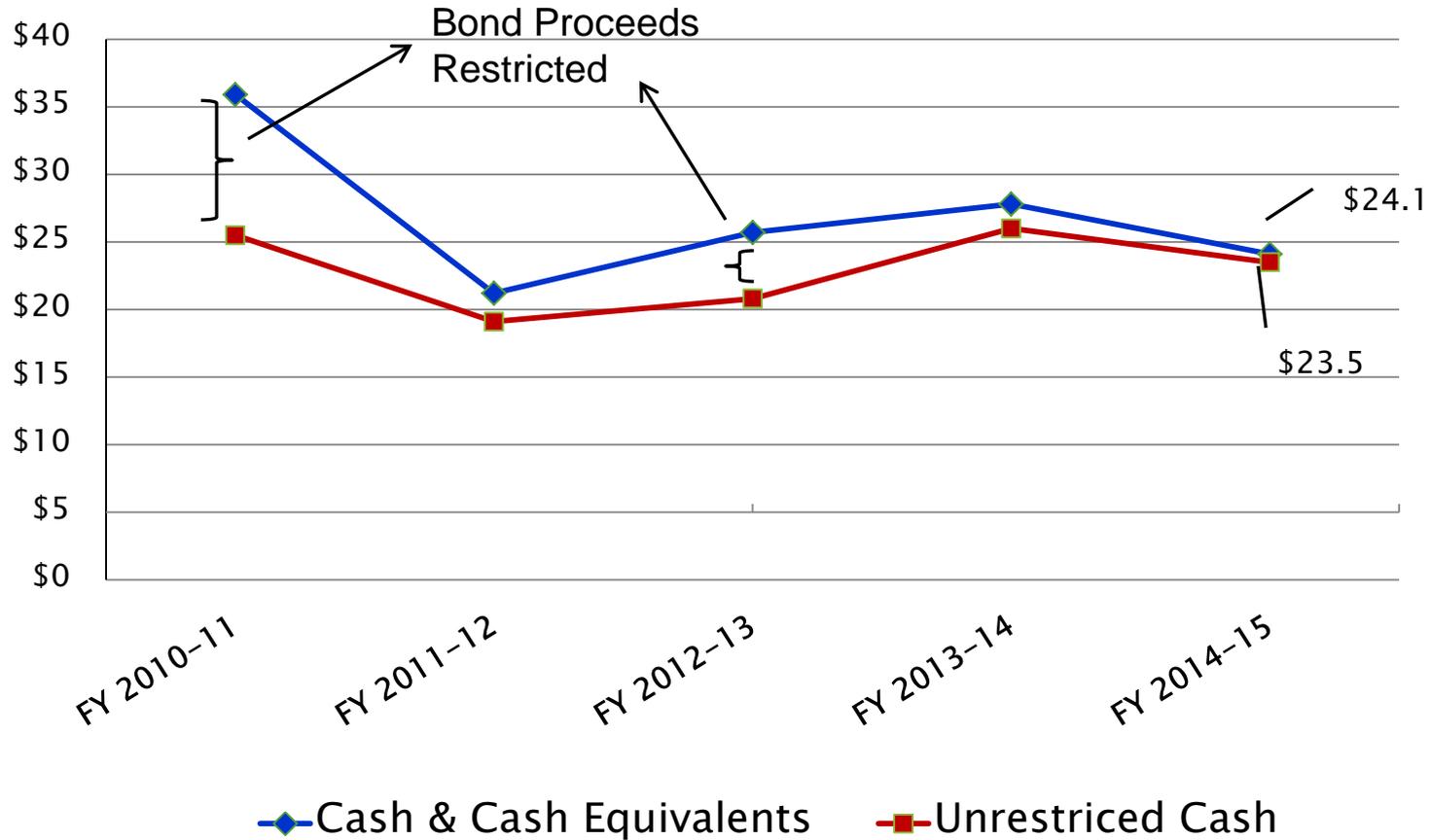
# Statement of Revenues, Expenses, and Changes in Net Position

(in millions of dollars)



# Statement of Cash Flows

(in millions of dollars)



# NACUBO Ratios

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- ▶ Report to HLC annually
- ▶ Provides insight on the financial health of the District
- ▶ Each ratio has a benchmark
- ▶ Excludes impact of GASB 68 Pension Liabilities
- ▶ Trends are as important as the numbers

Primary Reserve Ratio

Viability Reserve Ratio

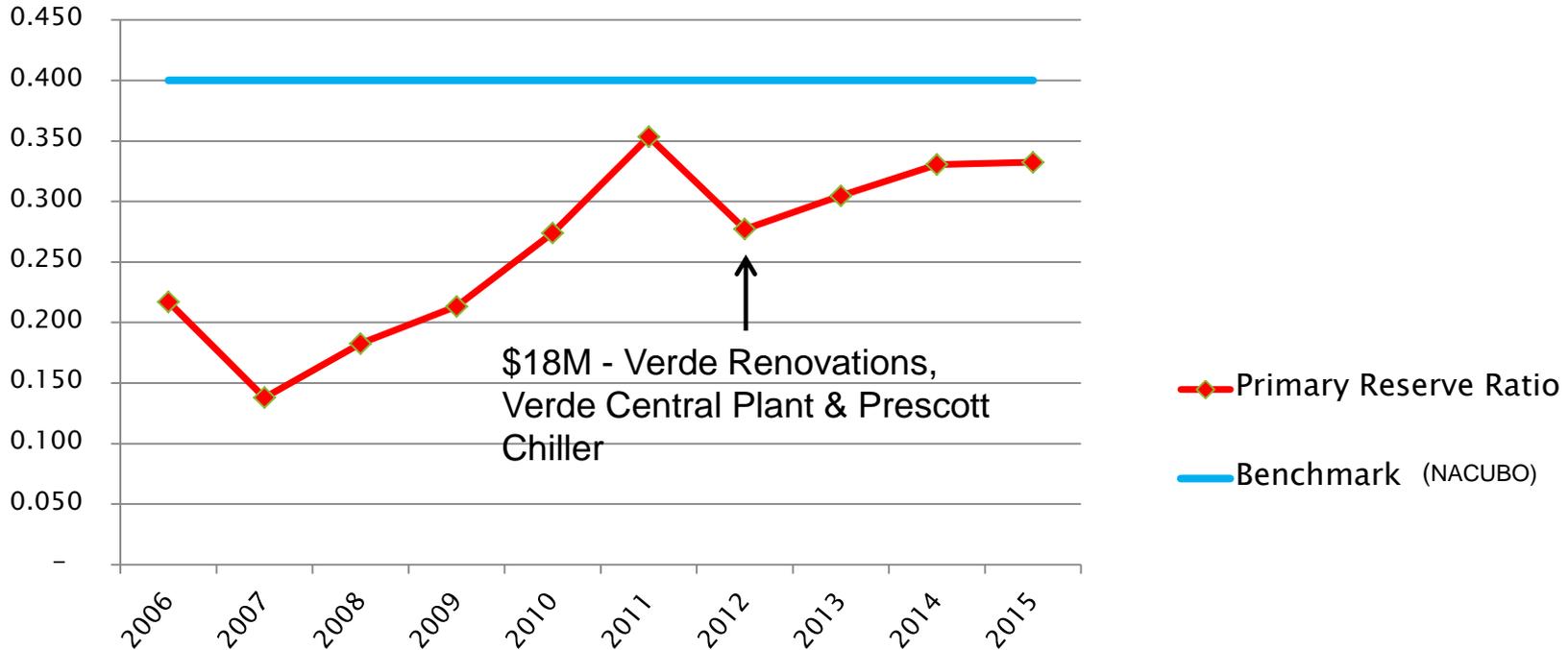


Return on Net Assets Ratio

Net Operating Revenue Ratio

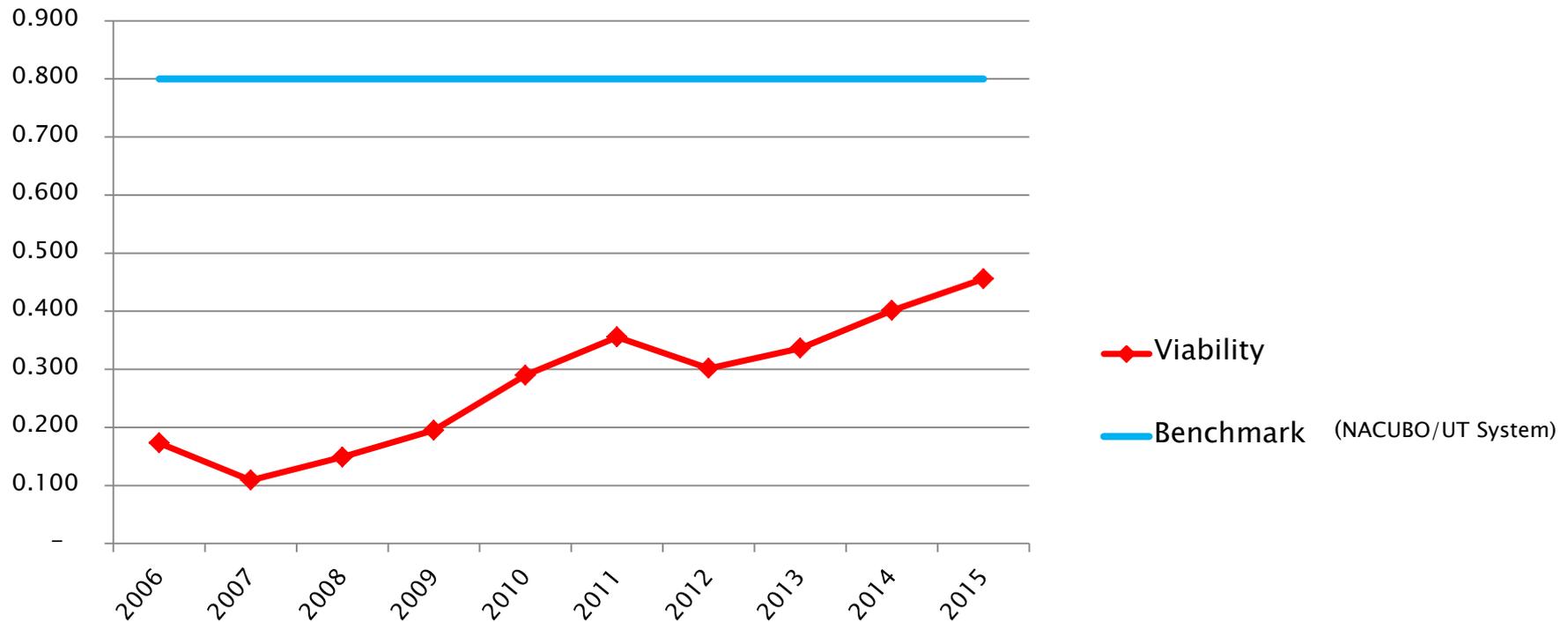
Composite Financial Index

# Resource Sufficiency Primary Reserve Ratio



Primary Reserve Ratio - measures total available resources that an institution could spend on operations as a percentage of total expenses. This is the portion of an entire year the institution could meet financial obligations with assets readily available.

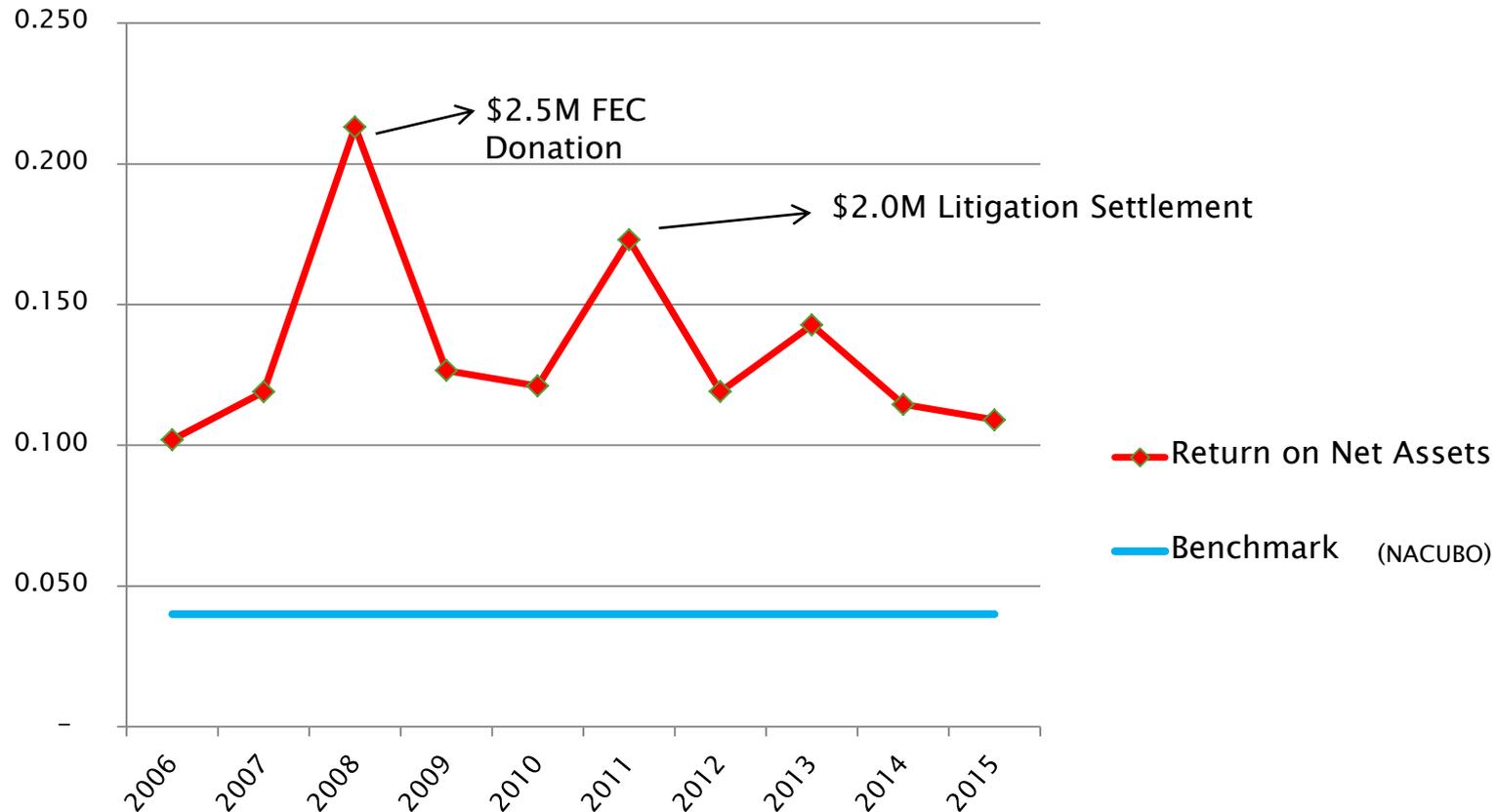
# Debt Management Viability Ratio



Viability Ratio - measures capability to meet debt obligations with expendable assets. Also measures an institution's ability to fund new initiatives through debt and is a factor in determining the District's level of credit risk.

# Asset Performance

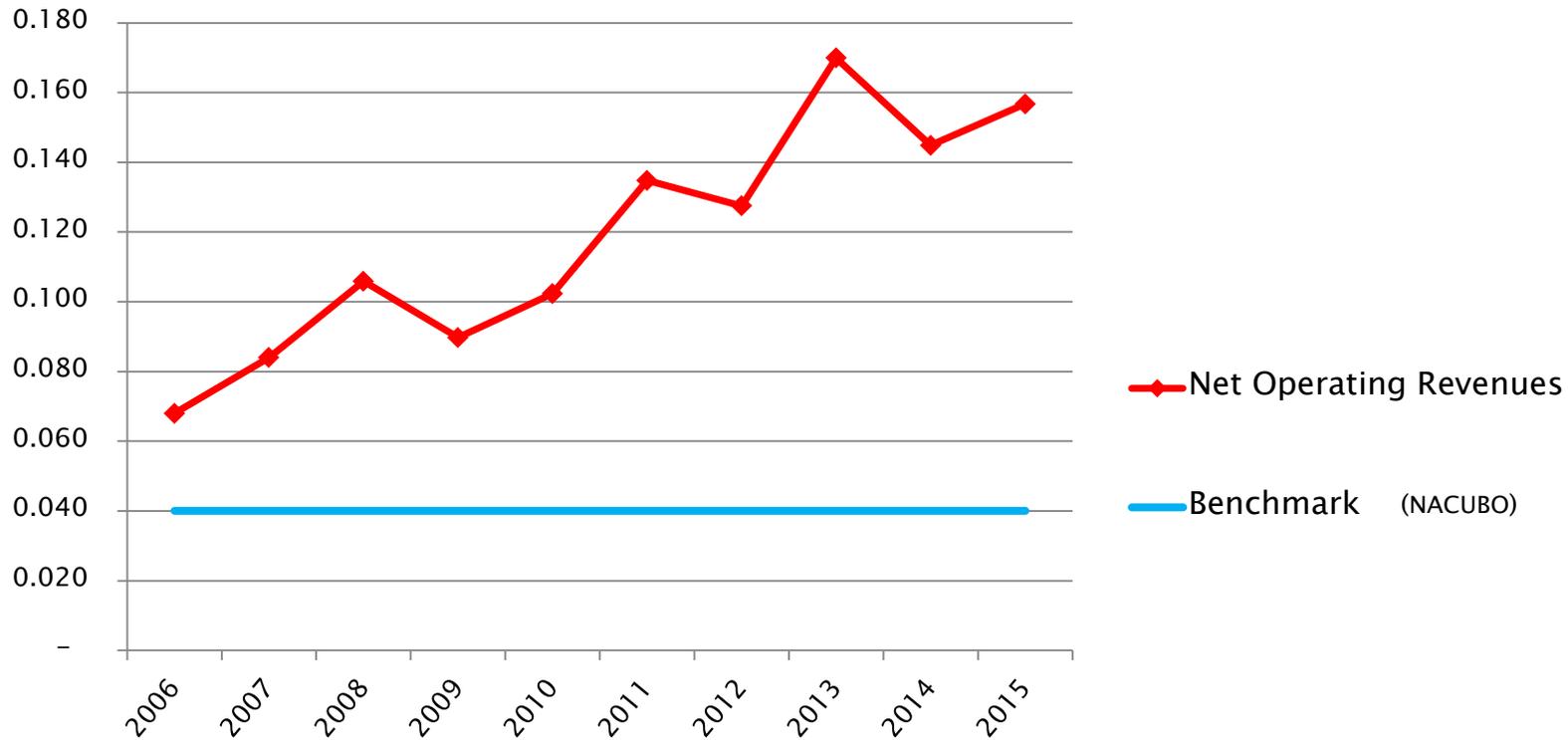
## Return on Net Assets Ratio



Return on Net Assets - measures whether the District's assets (restricted and unrestricted) are increasing or decreasing.

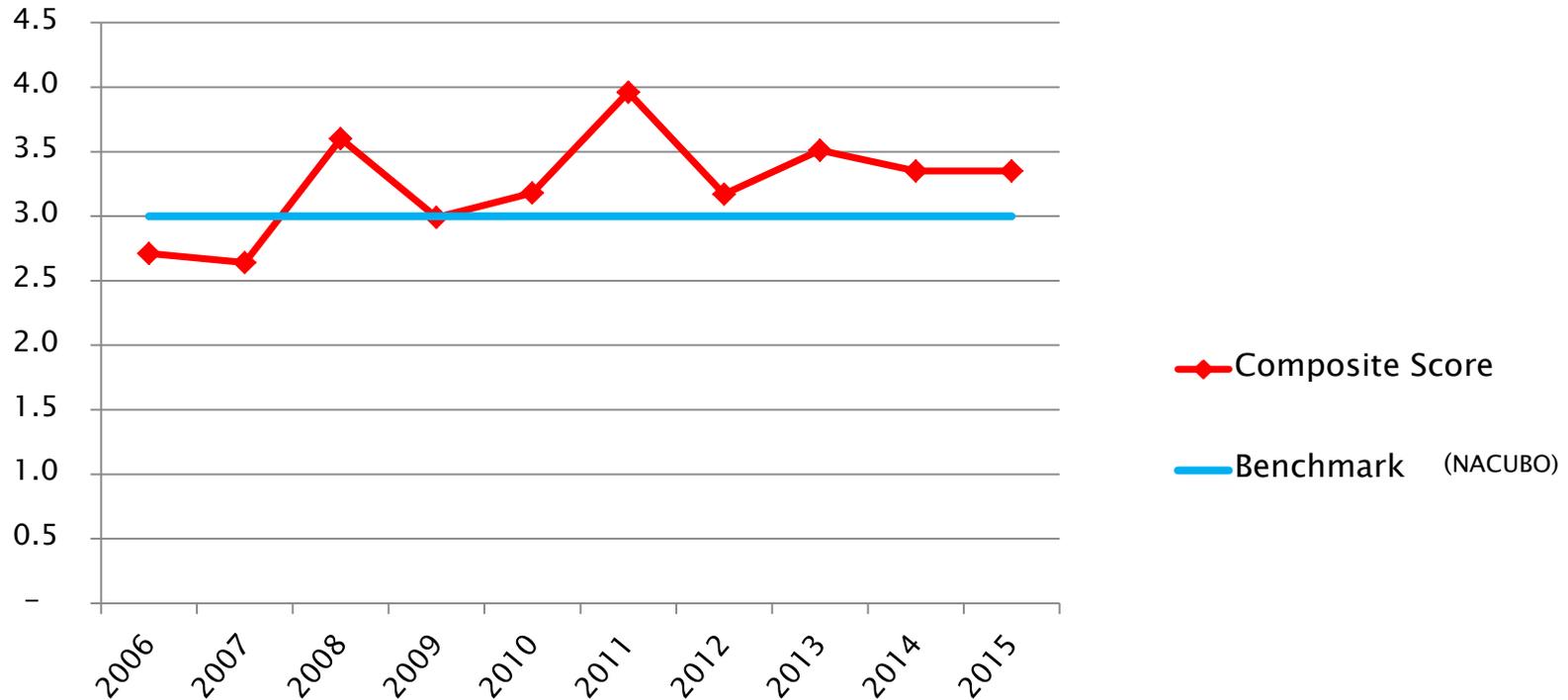
# Operating Results

## Net Operating Revenues



Net Operating Revenues Ratio - measures the ability of an institution to operate within available resources in basic day-to-day functions. It measures the surplus or deficit resulting from institutional operations.

# Composite Financial Index



The CFI is a combination of the four core ratios using a prescribed weighting that is an indicator of the overall financial health of an institution. A CFI of 3 or greater generally indicates that an institution is in good financial health.

# Questions ?