

PRESCOTT

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PRESCOTT VALLEY

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SEDONA

CAMP VERDE

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

**For the fiscal year
ended June 30, 2010**

Yavapai
COLLEGE

Your community. Your college.

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, 2010

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COLLEGE
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**Yavapai County Community College District
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2010**

Table of Contents

Introductory Section

Letter of Transmittal	1
Government Finance Officers Association Certificate of Achievement	8
List of Principal Officers	9
Organizational Chart	10

Financial Section

Independent Auditors' Report	12
Management's Discussion and Analysis	14
Basic Financial Statements:	
Statement of Net Assets – Primary Government	22
Statement of Financial Position – Component Unit	23
Statement of Revenues, Expenses, and Changes in Net Assets – Primary Government	24
Statement of Activities – Component Unit	25
Statement of Cash Flows – Primary Government	26
Notes to Financial Statements	28

Statistical Section

Net Assets by Component – <i>Last Nine Fiscal Years</i>	46
Changes in Net Assets – <i>Last Nine Fiscal Years</i>	47
Expenditure Limitation - Statutory Limit to Budgeted Expenditures – <i>Last Ten Fiscal Years</i>	48
Property Tax Levies and Collections – <i>Last Ten Fiscal Years</i>	49
Assessed Value and Estimated Actual Value of Taxable Property – <i>Last Ten Fiscal Years</i>	50
Property Tax Rates, Direct and Overlapping Governments - <i>Last Ten Fiscal Years</i>	51
Assessed Valuation, Tax Rate and Levy History – <i>Last Ten Fiscal Years</i>	52
Principal Property Taxpayers – <i>Current Year and Nine Years Ago</i>	53
Tuition Schedule – <i>Last Ten Fiscal Years</i>	54
Ratios of Outstanding Debt by Type – <i>Last Ten Fiscal Years</i>	55
Legal Debt Margin – <i>Last Ten Fiscal Years</i>	56
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Bonded Debt Per Capita – <i>Last Ten Fiscal Years</i>	57
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Operating Expenses/Expenditures – <i>Last Ten Fiscal Years</i>	58
Computation of Direct and Overlapping Debt - General Obligation Bonds	59
Revenue Bond Coverage – <i>Last Ten Fiscal Years</i>	60
Economic Indicators for Yavapai County	61
Principal Employers in Yavapai County – <i>Current Year and Nine Years Ago</i>	62
Miscellaneous Statistics	63
Population and Personal Income for Yavapai County – <i>Last Ten Fiscal Years</i>	64
Student Enrollment, Degree and Demographic Statistics – <i>Last Ten Fiscal Years</i>	65
Historic Enrollment - <i>Last Ten Fiscal Years</i>	66
Faculty and Staff Statistics – <i>Last Ten Fiscal Years</i>	67
Capital Asset Information – <i>Last Nine Fiscal Years</i>	68

INTRODUCTORY SECTION

December 10, 2010

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, 2010, is submitted herewith.

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

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

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

THE REPORTING ENTITY

The District is an independent reporting entity within the criteria established by GAAP and the GASB. Although the District shares the same geographic boundaries with Yavapai County, financial accountability over all activities related to public community college education in Yavapai County is exercised solely by the District. In accordance with GASB Statement No. 39, the financial reporting entity consists of a primary reporting entity and its component units. The District is a primary government because it is a special-purpose political subdivision that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments.

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

HISTORY

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

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

SERVICE AREA

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

The District serves a diverse student population in a rural area covering approximately 8,123 square miles (which is larger than the state of Massachusetts) with the 2009 estimated population (provided by the Department of Economic Security) of 234,626 and a population density of 29 people per square mile.

ECONOMIC OUTLOOK

Yavapai County is located in the west central portion of the state. Its boundaries include the incorporated cities and towns of Camp Verde, Chino Valley, Clarkdale, Cottonwood, Dewey-Humboldt, Jerome, Prescott, Prescott Valley, and Sedona. The larger unincorporated areas of the county include the communities of Ashfork, Bagdad, Black Canyon City, Congress, Crown King, Mayer, Paulden, Seligman, and Yarnell. Small

business, light industry, service trades, ranching, mining, and tourism all contribute to the economy of Yavapai County. A rapidly growing retiree population has made Yavapai County one of the fastest growing rural counties in the country with a population estimated to increase to 305,000 by the year 2020.

The state's economy has stabilized and the consensus among Arizona economists is that the worst is over. The recovery is expected to be slow and long. 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. Although the primary property tax levy increased by an average of approximately 10% over the past nine years, we expect the growth in total assessed values to slow and the primary property tax levy to average closer to 4%. This is a result of the slow real estate market and the weak residential and commercial construction industry.

The state continues to experience revenue shortfalls due to the weak economy and currently has a structural deficit that exceeds a billion dollars. It is likely that the community colleges and the District will continue to see cuts in state funding unless lawmakers look at tax increases as a budget balancing tool. Over the last several years the state has used a combination of spending cuts and other short term solutions to balance the budget but the short term options are becoming less available.

MAJOR PROGRAM INITIATIVES

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

Capital Improvement Projects

In January 2008 the District and the Town of Prescott Valley broke ground on a joint use facility for the purpose of providing classrooms, administrative offices and a library complex. A combination of bond proceeds and funds from the District's Future Capital Projects Accumulation Fund were used for this project. The building was completed in the fall of 2009.

Enrollment

The District continues to experience growth, especially in full-time students, even in the face of budget cuts and economic strains. The fiscal year was characterized by slightly higher enrollment with more than 13,490 students attending credited classes. Individual programs with double digit FTSE enrollment increases include Anthropology, Aviation, Computerized Numerical Control, Creative Writing, Geography, Gunsmithing, Health Information Management, History, Journalism, Psychology, and Recreation Management.

Student Achievement

Student accomplishments continue to be our most important gauge of success. Four

students were named to the 2009 All-Arizona Academic Team. A total of 1,052 students earned degrees or certificates which represents an increase of 28% over the previous year. Throughout the course of the academic year, 118 students completed the Career Skills program, 18 students graduated from the Northern Arizona Regional Training Academy, and 114 students completed all requirements of the Nursing Program. In addition, approximately 150 students completed studies and passed the exam to earn a high school equivalency diploma.

NAU/Yavapai Regional University

The District and NAU have accomplished one of the most innovative initiatives to date in Arizona with the opening of the NAU/Yavapai Regional University's campus in Prescott Valley. This partnership is one of the first steps addressing the Arizona Board of Regents call to revise the current university system and offer students lower-cost baccalaureate degrees. This initiative also addresses the Governor's P-20 Council's charge to increase the number of baccalaureate recipients. As of the fall 2010, the first class of freshman is now able to pursue one of three bachelor's degree programs available full on-site at the new campus.

Enterprise Resource Planning (ERP) system – Banner

The District completed implementation of all of the major modules related to the SunGard Banner enterprise resource planning (ERP) system. The goal of the project was to replace the College's aging homegrown student information system with a commercially supported product which adheres to higher education best practices. The Banner system is an integrated information management solution that includes applications for admissions, academic records, billing and cash receipts, financial aid, advancement, finance, human resources, and self-service. The fall class of 2009 was the first to be admitted and enrolled using the new software system. The percent of students registering online increased from approximately 25% over the past few semesters to over 99% for the fall semester. Substantially all components of the system will be implemented by the end of next fiscal year.

FUTURE PROGRAM INITIATIVES

Two new certificates will be offered that address the growing demand for renewable energy to reduce man's dependency on fossil fuels. The Weatherization and Energy Efficiency program is designed to prepare students for entry level positions in weatherization such as home energy rates, energy auditors, building analyst and or weatherization technicians. The Solar Renewable Energy program prepares graduates to pursue entry level positions as solar renewable energy installers and technicians.

Through a combination of the District tax-based dollars and the State's Proposition 301 funds (workforce development), the 2010-11 budget will support programming in critically-needed areas of workforce development. Programs will include:

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

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

FINANCIAL INFORMATION

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

Internal Control

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

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

Budgetary Controls

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

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

Cash Management

The District is governed by the Arizona Revised Statutes relating to the overall investment

of idle public funds. The fiduciary responsibility of such investments is entrusted to the District Governing Board and facilitated through the Vice President of Administrative Services.

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

Financial Reporting

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

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

RISK MANAGEMENT

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

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

INDEPENDENT AUDIT

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

GFOA CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Yavapai County Community College District for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the tenth consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGEMENTS

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

Respectfully submitted,

Clint Ewell
Vice President of Administrative Services

Frank D'Angelo
Director of Business Services/Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Yavapai County Community College District Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



President

Executive Director

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT

PRINCIPAL OFFICERS

June 30, 2010

DISTRICT GOVERNING BOARD

Dr. Patricia McCarver, *Chair, District 1*

Mr. Herald Harrington, *Secretary, District 5*

Dr. Dale Fitzner, *District 2*

Mr. Charles Leon , *District 4*

Mr. Ray Sigafos, *District 3*

PRESIDENT

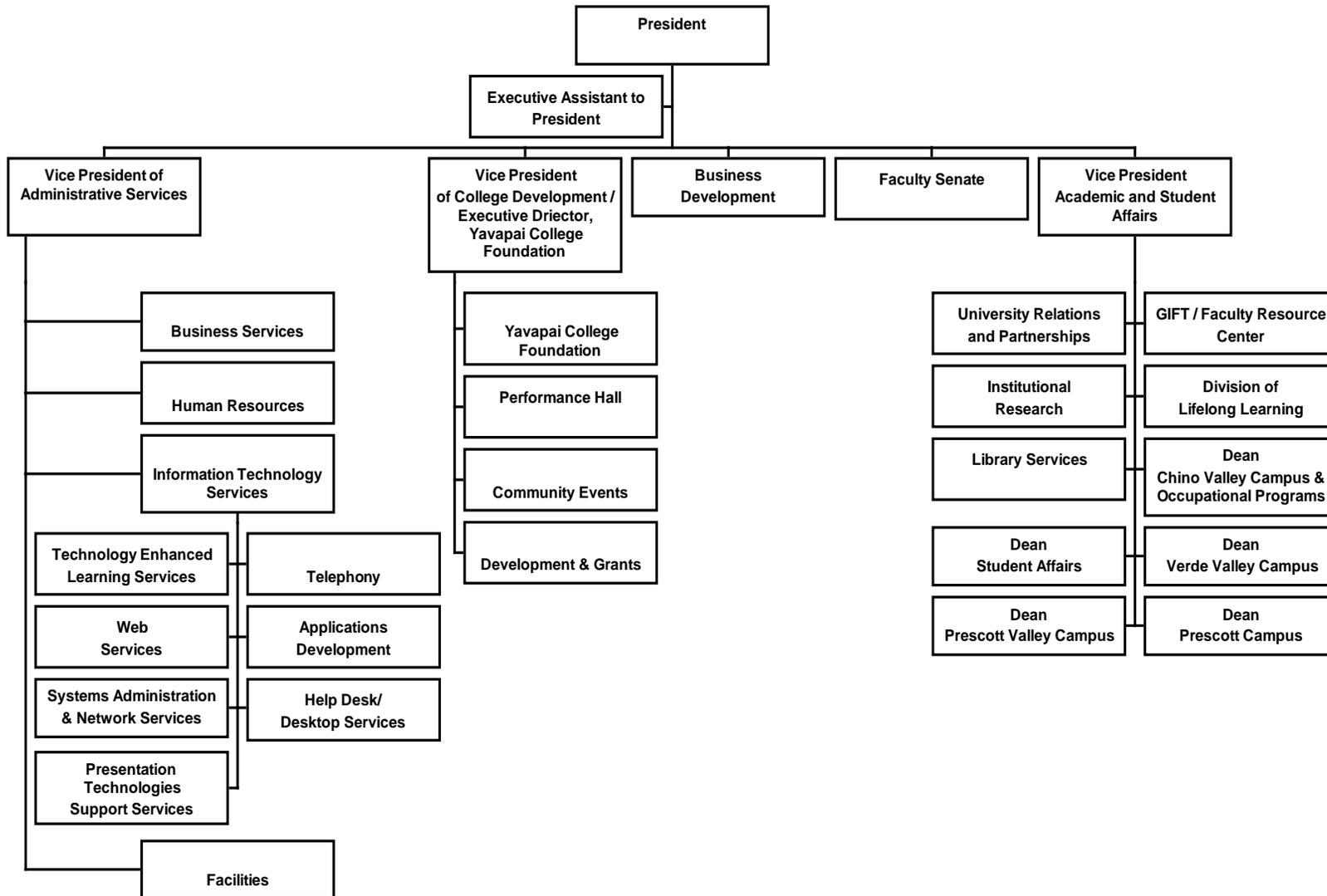
Dr. James F. Horton

ADMINISTRATION

Dr. Greg Gillespie, *Vice President of Academic Affairs/Provost*

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

Yavapai County Community College District Organizational Chart as of June 30, 2010



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**FINANCIAL
SECTION**

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Yavapai County Community College District (the District), as of and for the year ended June 30, 2010 which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Yavapai College Foundation, Inc., a discretely presented component unit of Yavapai County Community College District. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit mentioned above, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Yavapai County Community College District as of June 30, 2010 and the respective changes in financial position and, where applicable, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement Nos. 51, *Accounting and Financial Reporting for Intangible Assets*, and 53, *Accounting and Financial Reporting for Derivative Instruments*, for the year ended June 30, 2010, which represent changes in accounting principles.

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

The accompanying *Management's Discussion and Analysis*, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The accompanying introductory section and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2010, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

LarsonAllen LLP

LarsonAllen LLP

Mesa, Arizona
December 10, 2010

December 10, 2010

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, 2010. 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, tuition and fees and state appropriations. The District exercises primary and secondary tax levy authority for generation of funds for operating, capital equipment and improvements, and debt retirement purposes. Although total revenues have been increasing, in recent years the mix of funding sources has gradually been shifting. Over the past ten years, property taxes and other revenues as a percent of total revenues have risen while the proportionate share of state appropriations has declined. This trend continued during this fiscal year as the District's State appropriation was reduced by \$327,974.

The assets of the District exceeded its liabilities at the close of the fiscal year by \$65,289,513. Of this amount, \$15,862,969 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 \$7,052,814. Investments in capital assets, net of related debt, increased by \$2,638,599 (5.9%). Restricted net assets

increased by \$122,491 and unrestricted net assets increased by \$4,291,724 (37.09%).

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, 2010. 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, 2010. 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, 2010. 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

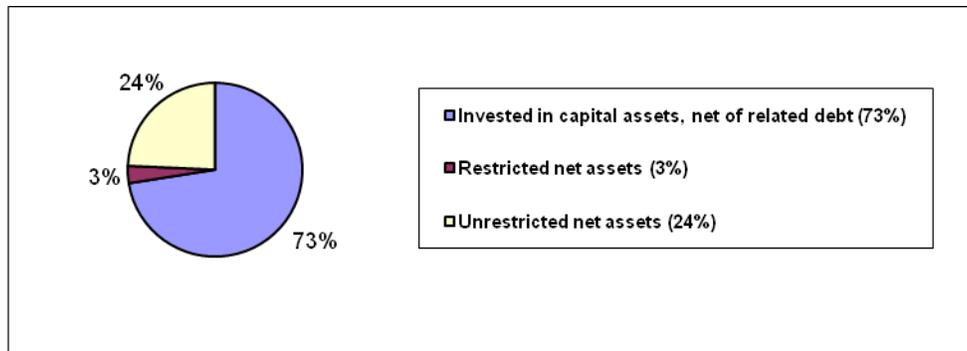
	<u>6/30/2010</u>	<u>6/30/2009</u>
Assets:		
Current assets	\$ 26,097,373	\$ 20,286,771
Noncurrent assets, other than capital assets	2,081,658	2,626,554
Capital assets, net of depreciation	<u>99,615,477</u>	<u>100,361,073</u>
Total assets	<u>127,794,508</u>	<u>123,274,398</u>
Liabilities:		
Other liabilities	5,318,988	3,360,498
Long-term liabilities	<u>57,186,007</u>	<u>61,677,201</u>
Total liabilities	<u>62,504,995</u>	<u>65,037,699</u>
Net assets:		
Invested in capital assets, net of related debt	47,354,377	44,715,778
Restricted net assets	2,072,167	1,949,676
Unrestricted net assets	<u>15,862,969</u>	<u>11,571,245</u>
Total net assets	<u>\$65,289,513</u>	<u>\$58,236,699</u>

Current assets increased by \$5,810,602 as a result of increased cash and cash equivalents from the positive results of operations. The use of lease proceeds for the new Sungard Banner enterprise resource planning (ERP) system caused the noncurrent assets, other than capital assets, to decrease. The decrease in capital assets, net of depreciation, was attributable to the increase in accumulated depreciation, offset by the building renovations, site improvements and equipment purchased during the fiscal year. Other liabilities increases were accredited to general payables, accrued payroll and deferred fall tuition revenue at year-end. The amount of fall tuition revenue deferred for fiscal year 2009-10 was \$674,693 compared to zero for fiscal year 2008-09. The District made a decision to not accept payments for fall 2009 tuition and fees prior to June 30, 2009, due to the implementation of the finance module of the ERP system on July 1, 2009.

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 \$2,638,599 over the previous fiscal year. This increase was attributable to the addition of equity in the District's capital assets over the previous year. Restricted net assets increased from the prior fiscal year as a result of grant revenues exceeding expenditures. The increase in unrestricted net assets was primarily attributed to the operating and facility contingency budgets which were not used during the fiscal year and the District received \$457,666 from the Arizona Office of Economic Recovery through the American Recovery and Reinvestment Act of 2009 which reimbursed the District for instructional expenses for the purpose of stabilizing the District's budget.

Net Assets As of June 30, 2010



As noted earlier, net assets reflect the financial position of the District. The largest portion of the District's net assets (73 percent) reflects the investment in capital assets (e.g., land, buildings, improvements other than buildings, equipment, intangibles and library collections), net of depreciation and less any related debt used to acquire those assets still outstanding. The District uses these assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net assets (3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$15,862,969 may be used to meet the District's ongoing mission to the public. Unrestricted net assets increased by \$4,291,724 over the previous fiscal year. At the end of the year, the District is able to report positive balances in all three categories of net assets.

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

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

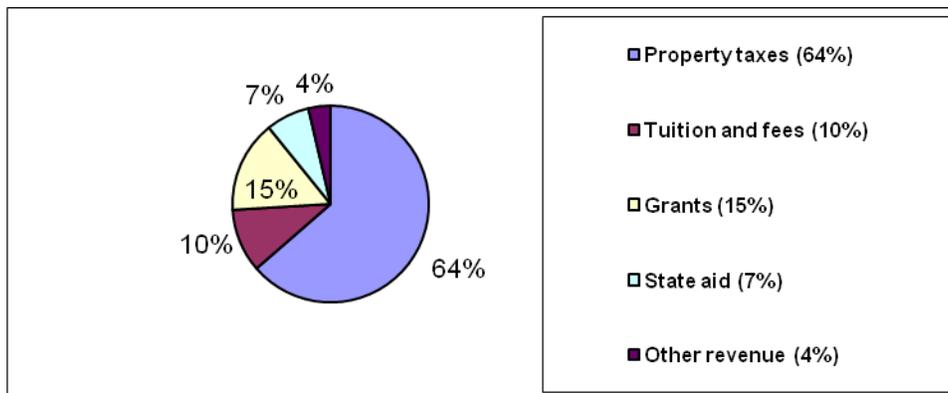
	<u>Year Ended</u>	
	<u>6/30/2010</u>	<u>6/30/2009</u>
Revenues		
Operating:		
Tuition and fees	\$ 6,853,199	\$ 5,395,124
Other	1,619,356	1,431,671
Nonoperating:		
Property taxes	41,853,443	40,242,345
Government grants	9,945,752	7,764,046
State aid	4,721,705	5,099,611
Investment earnings	85,984	327,532
Other	691,196	368,773
Gain on disposal of capital assets	<u>3,590</u>	<u>1,035,796</u>
Total revenues	<u>65,774,225</u>	<u>61,664,898</u>
Expenses		
Operating:		
Educational and general:		
Instruction	18,706,094	17,525,630
Public service	422,084	445,716
Academic support	5,305,978	3,877,549
Student services	4,488,132	4,423,646
Institutional support	8,040,029	10,472,894
Operation and maintenance of plant	4,929,835	5,241,506
Scholarships	6,880,339	3,244,248
Auxiliary enterprises	3,156,306	3,149,945
Depreciation	<u>4,667,983</u>	<u>4,251,835</u>
Total operating expenses	56,596,780	52,632,969
Nonoperating		
Interest expense on debt	<u>2,442,999</u>	<u>2,554,248</u>
Total expenses	<u>59,039,779</u>	<u>55,187,217</u>
Income before other revenues, expenses, gains, or losses	6,734,446	6,477,681
Capital grants and gifts	<u>318,368</u>	<u>65,182</u>
Increase in net assets	7,052,814	6,542,863
Total net assets, July 1	<u>58,236,699</u>	<u>51,693,836</u>
Total net assets, June 30	<u>\$65,289,513</u>	<u>\$58,236,699</u>

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

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

Tuition and fee revenues increased due to slightly higher enrollment, an 11.5% tuition rate increase and a lower scholarship allowance. Government grants increased from the prior year due to more Pell grants being awarded. The decrease in state aid was a result of budget cuts by the State. The decrease in investment earnings was related to lower interest rates. Lastly, the gain on disposal of capital assets decreased because in the prior year the District had a significant one time gain which resulted from the exchange of the Highway 89 Property in Chino Valley for the Chino Valley Old Home Manor Property with the Town of Chino Valley .

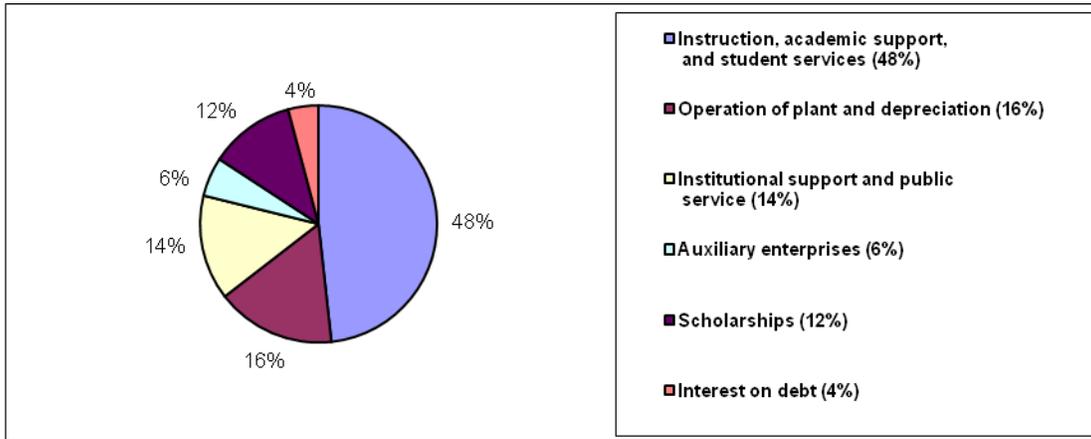
Revenues by Source Fiscal Year 2010



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

Overall, expenses increased over the previous fiscal year by \$3,852,562. The majority of this increase was due to increased scholarship expenses, specifically the amount of Pell grants awarded to students. The increases in instruction and academic support expenses were offset by the decrease in institutional support expenses. This was primarily due to functional category changes made when the District set up the new chart of accounts in the finance module of the new ERP system. While setting up the new chart of accounts various changes were made to improve the coding of expenses in accordance with NACUBO's definitions for functional categories.

Expenses by Function Fiscal Year 2010



Capital Assets and Debt Management

Construction of the new Prescott Valley joint use facility was completed in the fall of 2009. The building is shared with the Town of Prescott Valley and houses classrooms and a new town public library. A combination of bond proceeds and funds from the District's Future Capital Projects Accumulation Fund were used for this project.

The District completed implementation of all of the major modules related to the Sungard Banner enterprise resource planning (ERP) system. The Banner system is an integrated information management system that includes applications for admissions, academic records, billing and cash receipts, financial aid, advancement, finance, human resources, and self-service. Lease purchase proceeds were used to purchase the Banner system and the needed hardware and to fund the services necessary to implement the system.

Equipment, along with all other capital assets (except land and construction in progress), is reported net of accumulated depreciation in accordance with the reporting standards issued by GASB. This has the effect of reducing the book value of capital assets. Depreciation totaled \$4,667,983 for the year and is shown as an operating expense on the Statement of Revenues, Expenses, and Changes in Net Assets. Additional information on the District's capital assets can be found in Note 5 to the basic financial statements.

The District's general obligation bond debt issues are rated Aaa by Moody's Investors Service and were recently upgraded by Standard & Poors from A+ to AA- as a result of the District's diverse tax base with an annual assessed valuation that has increased over the past three years, solid financial policies and performance, including operating surpluses for the past several years and a very low debt burden. The District's revenue bond debt issue is rated A- by Standard & Poors. These ratings indicate the high quality and strong credit

attributes of the District's obligations. During the fiscal year, there have been no adverse changes in credit ratings or debt limitations that may affect future financing for the District.

During fiscal year 2009-10, the College reduced its outstanding long-term debt by \$4,929,748. Bonds outstanding at June 30, 2010, were as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
General obligation bonds				
Project of 2001-Series A	\$25,955,000	7/1/10-22	4.25-4.75%	\$10,640,000
Project of 2001-Series B	25,000,000	7/1/10-24	3.25-4.75%	19,450,000
Project of 2001-Series C	19,500,000	7/1/10-25	3.75-5.00%	17,220,000
Revenue bonds				
Series 1993	2,500,000	7/1/10-12	6.00%	615,000

Additional information on the District's outstanding debt can be found in Note 6 to the basic financial statements.

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

Request for Information

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

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Statement of Net Assets - Primary Government
June 30, 2010**

ASSETS:	Business Type Activities
Current assets:	
Cash and cash equivalents	\$ 22,058,360
Receivables (net of allowances for uncollectibles)	
Accounts	319,768
Property taxes	1,757,643
Government grants and contracts	982,228
Student loans, current portion	189,777
Other	410,327
Prepaid expenses	379,270
Total current assets	<u>26,097,373</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	459,741
Cash and cash equivalents held by trustee	1,145,828
Property taxes receivable (net of allowances for uncollectibles)	266,434
Student loans receivable	207,828
Other receivables	1,827
Capital assets, not being depreciated	5,629,532
Capital assets, being depreciated, net	93,985,945
Total noncurrent assets	<u>101,697,135</u>
Total assets	<u>127,794,508</u>
LIABILITIES:	
Current liabilities:	
Accounts payable	1,286,055
Accrued payroll and employee benefits	2,603,592
Interest payable	67,090
Deposits held in custody for others	172,168
Deferred revenues	1,148,233
Dormitory deposits	41,850
Current portion of compensated absences payable	101,455
Current portion of long-term debt	5,034,238
Current portion of other long-term liabilities	29,478
Total current liabilities	<u>10,484,159</u>
Noncurrent liabilities:	
Compensated absences payable	1,081,337
Long-term debt	50,803,072
Other	136,427
Total noncurrent liabilities	<u>52,020,836</u>
Total liabilities	<u>62,504,995</u>
NET ASSETS:	
Invested in capital assets, net of related debt	47,354,377
Restricted:	
Nonexpendable:	
Student loans	608,637
Expendable:	
Grants and contracts	514,627
Debt service	948,903
Unrestricted	15,862,969
Total net assets	<u>\$ 65,289,513</u>

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Statement of Financial Position - Component Unit
June 30, 2010**

	Yavapai College Foundation
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 439,739
Unrestricted investments	296,706
Receivables	22,050
Prepaid expenses	1,308
Total current assets	<u>759,803</u>
Fixed assets:	
Art and historical treasures	78,500
Property and equipment - net	348,736
Educational project	177,356
Total fixed assets	<u>604,592</u>
Other assets:	
Restricted cash	746,382
Restricted investments	1,068,592
Endowment investments	5,704,290
Total other assets	<u>7,519,264</u>
Total assets	<u>\$ 8,883,659</u>
LIABILITIES:	
Current liabilities:	
Accounts payable	\$ 75,104
Yavapai College payable	203,610
Scholarships payable	134,353
Deferred revenue	213,011
Total current liabilities	<u>626,078</u>
Total liabilities	<u>626,078</u>
NET ASSETS:	
Unrestricted - not designated	373,774
Unrestricted - designated	488,578
Temporarily restricted	1,638,297
Permanently restricted	5,756,932
Total net assets	<u>8,257,581</u>
Total liabilities and net assets	<u>\$ 8,883,659</u>

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Statement of Revenues, Expenses, and Changes in Net Assets - Primary Government
For the Fiscal Year Ended June 30, 2010**

	Business Type Activities
Operating revenues:	
Tuition and fees (net of scholarship allowances of \$1,789,300)	\$ 6,853,199
Bookstore sales	105,060
Food service income	33,454
Dormitory rentals (net of scholarship allowances of \$179,101)	615,223
Other	865,619
Total operating revenues	<u>8,472,555</u>
Operating expenses:	
Educational and general:	
Instruction	18,706,094
Public service	422,084
Academic support	5,305,978
Student services	4,488,132
Institutional support	8,040,029
Operation and maintenance of plant	4,929,835
Scholarships	6,880,339
Auxiliary enterprises	3,156,306
Depreciation	4,667,983
Total operating expenses	<u>56,596,780</u>
Operating loss	(48,124,225)
Nonoperating revenues(expenses):	
Property taxes	41,853,443
Government grants	9,945,752
State appropriations	4,196,000
Share of state sales taxes	525,705
Private gifts	691,196
Investment earnings	85,984
Interest expense on debt	(2,442,999)
Gain on disposal of capital assets	3,590
Total nonoperating revenues	<u>54,858,671</u>
Income before other revenues, expenses, gains or losses	6,734,446
Capital grants and gifts	318,368
Increase in net assets	<u>7,052,814</u>
Total net assets - July 1, 2009	58,236,699
Total net assets - June 30, 2010	<u>\$ 65,289,513</u>

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Statement of Activities - Component Unit
For the Fiscal Year Ended June 30, 2010**

REVENUE and SUPPORT:	Yavapai College Foundation
Support:	
Contributions and grants	\$ 699,173
Community events	519,846
Membership income	19,725
Rental income	110,940
Program service	71,225
Special events	51,631
Dividends and interest	230,382
Realized gain on investments	106,757
Unrealized investment gain	141,659
Total revenue/support	1,951,338
EXPENSES:	
Program expenses:	
Scholarships	168,475
Community events	591,431
LeGate Chair	79,169
Friends of Yavapai College Art	3,389
Roughrider Club	17,150
PACE	62,717
Greater Verde Valley Chapter	8,294
Aristotelian Logic	3,843
Gerontology	6,220
Return of donation	271,387
Other programs	259,322
Total program expenses	1,471,397
Depreciation	15,779
Management and general	284,012
Fundraising	27,609
Total expenses	1,798,797
CHANGE IN NET ASSETS FROM CURRENT OPERATIONS	152,541
Net assets - beginning of year	8,105,040
Net assets - end of year	\$ 8,257,581

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, 2010**

CASH FLOWS FROM OPERATING ACTIVITIES:	Business Type Activities
Tuition and fees	\$ 7,415,067
Bookstore receipts	105,060
Food services receipts	33,454
Dormitory rentals	615,223
Collection of loans to students	16,765
Other receipts	634,388
Payments to suppliers and providers of goods and services	(10,685,235)
Payments to employees	(33,329,067)
Loans issued to students	(26,450)
Scholarship payments to students	(6,880,339)
Net cash used for operating activities	(42,101,134)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Property taxes	41,667,108
Grants	10,662,058
State appropriations	4,196,000
Share of state sales taxes	525,705
Private gifts	691,196
Federal direct lending receipts	3,259,976
Federal direct lending disbursements	(3,246,866)
Deposits held in custody receipts	979,350
Deposits held in custody payments	(947,435)
Net cash provided by noncapital financing activities	57,787,092
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from issuance of capital debt	361,509
Proceeds from sale of capital assets	3,590
Principal paid on capital debt	(4,929,748)
Interest paid on capital debt	(2,415,738)
Purchases of capital assets	(3,589,806)
Net cash used for capital and related financing activities	(10,570,193)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received on investments	92,657
Net cash provided by investing activities	92,657
Net increase in cash and cash equivalents	5,208,422
Cash and cash equivalents, July 1, 2009	18,455,507
Cash and cash equivalents, June 30, 2010	\$ 23,663,929
	(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, 2010
(Continued)**

Reconciliation of operating loss to net cash used for operating activities:	Business Type Activities
Operating loss	\$ (48,124,225)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation expense	4,667,983
Provision for uncollectible accounts	8,479
Changes in assets and liabilities:	
Increase in accounts receivables	(268,776)
Increase in other receivables	(224,907)
Increase in prepaid expenses	(98,377)
Increase in student loans receivable	(9,685)
Increase in accrued payroll and employee benefits	514,140
Increase in compensated absences payable	105,028
Increase in deferred revenues	860,025
Increase in accounts payable	490,313
Decrease in other liabilities	(14,082)
Decrease in dormitory deposits	(7,050)
Net cash used for operating activities	<u>\$ (42,101,134)</u>

Noncash investing, capital, and noncapital financing activities:

Gifts of depreciable assets.

The District recorded gifts of depreciable assets of \$318,368.

See accompanying notes to financial statements.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2010**

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Yavapai County Community College District (the District) conform to generally accepted accounting principles applicable to public institutions engaged only in business-type activities adopted by the Governmental Accounting Standards Board (GASB).

For the year ended June 30, 2010, the District implemented the provisions of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, and GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. GASB Statement No. 53 establishes standards for accounting and financial reporting, including note disclosure requirements, for derivative instruments. The District has no derivative instruments and recorded an intangible asset at the end of fiscal year 2009-10 as a result of implementing GASB Statement No. 51.

A. Reporting Entity

The District is a special-purpose government that is governed by a separately elected governing body. It is legally separate and fiscally independent of other state and local governments. The accompanying financial statements present the activities of the District (the primary government) and its discretely presented component unit, the Yavapai College Foundation.

The Yavapai College Foundation (the Foundation) is a legally separate, tax-exempt organization, formed in the State of Arizona in 1971. The Board of Directors for the Foundation are elected from the general membership at the annual meeting. The term of office for each board member is three years with overlapping terms. It acts primarily as a fund-raising organization that receives gifts and bequests, administers those resources, and disburses payments to or on behalf of the District for scholarships and capital contributions. Beginning in November 2006, the Foundation also began receiving revenue from and making specified payments for the District's Community Events Program which provides a variety of theatrical and musical productions for the community. Although the District does not control the timing or amount of receipts from the Foundation, the Foundation's restricted resources can only be used by, or for the benefit of, the District or its constituents. Consequently, the Foundation is considered a component unit of the District and is discretely presented in the District's financial statements.

For financial reporting purposes, the Foundation follows the Financial Accounting Standards Board statements for not-for-profit organizations. As such, certain revenue recognition criteria and presentation features are different from GASB

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2010**

revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information included in the District's financial report. Accordingly, those financial statements have been reported on separate pages following the respective counterpart financial statements of the District. For financial reporting purposes, only the Foundation's statements of financial position and activities are included in the District's financial statements as required by generally accepted accounting principles for public colleges and universities. The Foundation has a June 30 year end.

During the year ended June 30, 2010, the Foundation gifted property and funds in the amount of \$400,730 to or on behalf of the District for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Yavapai College Foundation, 1100 East Sheldon Street, Prescott, Arizona 86301.

B. Basis of Presentation and Accounting

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

A statement of net assets provides information about the assets, liabilities, and net assets of the District at the end of the year. Assets and liabilities are classified as either current or noncurrent. Net assets are classified according to external donor restrictions or availability of assets to satisfy District obligations. Invested in capital assets, net of related debt represents the value of capital assets, net of accumulated depreciation, less any outstanding debt incurred to acquire or construct the assets. Nonexpendable restricted net assets are federal contributions for the Federal Perkins Loan Program, the corpus of which cannot be expended. Expendable restricted net assets represent grants, contracts, gifts, and other resources that have been externally restricted for specific purposes. Unrestricted net assets include all other net assets, including those that have been designated by management to be used for other than general operating purposes.

A statement of revenues, expenses, and changes in net assets provides information about the District's financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net assets are reported, including capital contributions and additions to endowments. Operating revenues and expenses generally result from exchange transactions. Accordingly, revenues such as tuition, bookstore, food service, and 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

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2010**

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 levied. State appropriations are recognized as revenue in the year in which the appropriation is first made available for use. Grants and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The District eliminates all internal activity.

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

The District follows FASB Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The District has chosen the option not to follow FASB Statements and Interpretations issued after November 30, 1989.

C. Cash and Investments

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

D. Capital Assets

Capital assets are reported at actual cost. Donated assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2010**

capital assets reported in the financial statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$5,000	None	n/a
Buildings	5,000	Straight line	40 years
Improvements other than buildings	5,000	Straight line	15 years
Equipment	5,000	Straight line	5 years
Intangibles	5,000	Straight line	30 years
Library books	1	Straight line	10 years

E. Investment Earnings

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

F. Compensated Absences

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

Employees may accumulate up to twice their annual entitlement amount of vacation. Annual leave balances remaining when employees separate from service are paid and therefore are accrued as a liability in the financial statements.

Generally, sick leave benefits provide for ordinary sick pay and are cumulative but do not vest with employees. Therefore, a liability for sick leave benefits is not accrued in the financial statements. However, for employees who have at least 15 years of service with the District, and are eligible for retirement under the standards set by the Arizona State Retirement System, sick leave benefits do vest, and they may receive payment for up to 70 days of accumulated sick leave at \$60 a day. Accordingly, these benefits are accrued as a liability in the financial statements.

G. Scholarship Allowances

A scholarship allowance is the difference between the stated charge for goods and services provided by the District and the amount that is paid by the student or third parties making payments on behalf of the student. Accordingly, some types of student financial aid, such as Pell grants and scholarships awarded by the District, are considered to be scholarship allowances. These allowances are netted against tuition and fees and dormitory rental revenues in the statement of revenues, expenses, and changes in net assets.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2010**

Note 2 - Deposits and Investments

Arizona Revised Statutes (A.R.S.) requires the District to deposit special tax levies for the District's maintenance or capital outlay with the County Treasurer. The statutes do not require the District to deposit other public monies in its custody with the County Treasurer; however, the District must act as a prudent person dealing with the property of another when making investment decisions about those monies. The statutes do not include any requirements for credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the District's investments.

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

Deposits – At June 30, 2010, the carrying amount of the District's deposits was \$4,272,317, and the bank balance was \$5,066,029. At June 30, 2010, \$4,816,029 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, 2010 were as follows:

<u>Investment Type</u>	<u>Amount</u>
State Treasurer's investment pool	\$ 6,695,363
County Treasurer's investment pool	11,544,671
Government obligations money market funds	<u>1,145,828</u>
Total	<u>\$19,385,862</u>

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

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2010**

Credit risk – The District does not have a formal policy with respect to credit risk. At June 30, 2010, 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	\$ 6,695,363
County Treasurer’s investment pool	Unrated	Not applicable	11,544,671
Government obligations money market funds	Aaa	Moody’s	<u>1,145,828</u>
Total			<u>\$19,385,862</u>

Custodial credit risk – For an investment, custodial credit risk is the risk that, in the event of the counterparty’s failure, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2010, the District had \$1,145,828 of investments in government obligations money market mutual funds that were uninsured and held by a counterparty not in the District’s name.

Interest rate risk – The District does not have a formal policy with respect to interest rate risk. At June 30, 2010, 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	\$ 6,695,363	1.0
County Treasurer’s investment pool	11,544,671	4.4
Government obligations money market funds	<u>1,145,828</u>	Not available
Total	<u>\$19,385,862</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	\$ 5,750	Cash and cash equivalents	\$22,058,360
Deposits	4,272,317	Restricted assets:	
Investments	19,385,862	Cash and cash equivalents	459,741
		Cash and cash equivalents held by trustee	<u>1,145,828</u>
Total	<u>\$23,663,929</u>	Total	<u>\$23,663,929</u>

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2010**

Note 3 – Receivables

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

<u>Account Name</u>	<u>Gross Receivable</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivable</u>
Accounts-current	\$ 421,961	\$(102,193)	\$ 319,768
Property taxes			
Current	1,835,661	(78,018)	1,757,643
Noncurrent	276,609	(10,175)	266,434

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

Note 4 - Restricted Assets

Restricted cash and cash equivalents of \$459,741 are monies to be used exclusively for debt service.

Cash and cash equivalents held by trustee consist of \$709,644 of lease purchase proceeds to be used to complete the implementation the ERP software system and \$436,184 that relates to a sinking fund required by revenue bond covenants as well as amounts set aside for repayment of bond principal and interest. As a result, these funds are restricted on the Statement of Net Assets.

Property taxes receivables of \$266,434 are restricted on the Statement of Net Assets because these funds are to be used solely for the retirement of general obligation bonds.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2010**

Note 5 – Capital Assets

Capital asset activity for the year ended June 30, 2010, was as follows:

	<u>Balance July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclassification</u>	<u>Balance June 30, 2010</u>
Capital assets not being depreciated:					
Land	\$ 5,015,888	-	-	-	\$ 5,015,888
ERP software system – in progress	1,918,653	\$ 104,028	-	\$ (2,022,681)	-
Construction in progress	<u>2,927,638</u>	<u>1,686,626</u>	<u>-</u>	<u>(4,000,620)</u>	<u>613,644</u>
Total capital assets not being depreciated	<u>9,862,179</u>	<u>1,790,654</u>	<u>-</u>	<u>(6,023,301)</u>	<u>5,629,532</u>
Capital assets being depreciated:					
Buildings	98,435,113	400,791	-	4,000,620	102,836,524
Improvements other than buildings	14,981,222	649,707	-	-	15,630,929
Equipment	7,110,721	652,014	\$ 87,944	2,022,681	9,697,472
Intangibles	-	273,587	-	-	273,587
Library books	<u>2,981,167</u>	<u>155,634</u>	<u>81,059</u>	<u>-</u>	<u>3,055,742</u>
Total capital assets being depreciated	<u>123,508,223</u>	<u>2,131,733</u>	<u>169,003</u>	<u>6,023,301</u>	<u>131,494,254</u>
Less accumulated depreciation for:					
Buildings	20,525,288	2,500,104	-	-	23,025,392
Improvements other than buildings	5,585,973	835,105	-	-	6,421,078
Equipment	4,778,366	1,183,277	87,944	-	5,873,699
Library books	<u>2,119,702</u>	<u>149,497</u>	<u>81,059</u>	<u>-</u>	<u>2,188,140</u>
Total accumulated depreciation	<u>33,009,329</u>	<u>4,667,983</u>	<u>169,003</u>	<u>-</u>	<u>37,508,309</u>
Total capital assets being depreciated, net	<u>90,498,894</u>	<u>(2,536,250)</u>	<u>-</u>	<u>6,023,301</u>	<u>93,985,945</u>
Capital assets, net	<u>\$100,361,073</u>	<u>\$ (745,596)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$99,615,477</u>

The District entered into an agreement for its intangible assets at the end of fiscal year 2009-10. Therefore, no depreciation expense was recorded for the fiscal year.

The District has an active construction project as of June 30, 2010. The project is for the design and construction of the Chiller on the Prescott Campus. At year end, the District's commitments with contractors are as follows:

<u>Project</u>	<u>Costs-to-date</u>	<u>Remaining Commitment</u>
Chiller – Prescott Campus	\$602,854	\$985,483

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2010**

Note 6 - Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Due Within</u> <u>One Year</u>
Compensated absences payable	\$1,077,764	\$1,012,645	\$907,617	\$1,182,792	\$101,455
Other	193,888	18,036	46,019	165,905	29,478
Total	<u>\$1,271,652</u>	<u>\$1,030,681</u>	<u>\$953,636</u>	<u>\$1,348,697</u>	<u>\$130,933</u>
Bonds payable:					
General obligation bonds	\$50,470,000	-	\$3,160,000	\$47,310,000	\$3,300,000
Revenue bonds	795,000	-	180,000	615,000	195,000
Total bonds payable	51,265,000	-	3,340,000	47,925,000	3,495,000
Capital leases payable	9,140,549	\$361,509	1,589,748	7,912,310	1,539,238
Total long-term debt	<u>\$60,405,549</u>	<u>\$361,509</u>	<u>\$4,929,748</u>	<u>\$55,837,310</u>	<u>\$5,034,238</u>

Bonds – The District’s bonded debt consists of various issues of general obligation and revenue bonds that are generally callable with interest payable semiannually. Bond proceeds primarily pay for acquiring or constructing capital facilities, remodeling existing facilities, furnishing buildings and facilities and purchasing land adjacent to existing facilities. The District repays general obligation bonds from voter-approved property taxes. Revenue bonds are repaid from tuition, fees, rentals, and other charges to students, faculty, and others. The original amounts of general obligation and revenue bonds outstanding at year-end and issued in prior years were \$70,455,000 and \$2,500,000, respectively.

The Series A \$25,955,000 general obligation bond issue, the Series B \$25,000,000 general obligation bond issue, and the Series C \$19,500,000 general obligation bond issues are subject to the federal tax code arbitrage requirements. Excess earnings resulting from arbitrage will be rebated to the federal government. The District’s general obligation bond legal debt limit is 15% of the secondary assessed value of real and personal property within Yavapai County. The District’s total general obligation bond debt capacity was \$573,740,327 as of June 30, 2010. Of this amount, the District has \$47,310,000 in general obligation bond debt applicable to the debt limit, leaving a legal debt margin of \$526,430,327.

The District has pledged future tuition, fees, and dormitory rentals to repay \$2,500,000 in revenue bonds issued in March 1993 to construct a residence hall. The bonds are payable solely from student tuition, fees and dormitory rentals and are payable through 2012. Annual principal and interest payments on the bonds are expected to require less than 3% of tuition, fees, and dormitory rentals. In the current year, total revenues of \$8,521,468 were pledged to cover the principal and interest paid of \$180,000 and \$42,300, respectively. A sinking fund of \$231,900, as required

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2010**

by the revenue bond resolution, is reported in the noncurrent assets section of the Statement of Net Assets.

Bonds outstanding at June 30, 2010, were as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
General obligation bonds				
Project of 2001-Series A	\$25,955,000	7/1/10-7/1/21	4.25-4.75%	\$10,640,000
Project of 2001-Series B	25,000,000	7/1/10-7/1/23	3.25-4.75%	19,450,000
Project of 2001-Series C	19,500,000	7/1/10-7/1/24	3.75-5.00%	17,220,000
Revenue bonds				
Series 1993	2,500,000	7/1/10-7/1/12	6.00%	615,000

The following schedule details debt service requirements to maturity for the District's bonds payable at June 30, 2010:

	<u>General Obligation Bonds</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Year Ending June 30,				
2011	\$ 3,300,000	\$ 1,935,677	\$ 195,000	\$ 31,050
2012	3,450,000	1,796,926	205,000	19,050
2013	3,600,000	1,653,051	215,000	6,450
2014	3,770,000	1,483,551	-	-
2015	3,940,000	1,304,551	-	-
2016 – 20	22,005,000	4,110,457	-	-
2021 – 24	7,245,000	719,530	-	-
Total	<u>\$47,310,000</u>	<u>\$13,003,743</u>	<u>\$ 615,000</u>	<u>\$56,550</u>

Capital Leases - The District has acquired the Career and Technical Education building and various items of machinery, furniture and equipment, including software, under the provisions of long-term lease agreements classified as capital leases for accounting purposes because they provide for a bargain purchase option or a transfer of ownership by the end of the lease term. The capitalized assets acquired through capital leases at June 30, 2010 are as follows:

Building	\$5,750,000
Equipment	<u>2,914,422</u>
Total capitalized assets	8,664,422
Less: accumulated depreciation	<u>1,332,889</u>
Carrying value	<u>\$7,331,533</u>

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2010**

The determination of whether equipment acquired under capital leases is capitalized is based upon the capitalization thresholds specified in Note 1 - D. Accordingly, the District owns an additional \$3,626,111 of equipment acquired through capital leases which is not capitalized and therefore not subject to depreciation.

The following schedule details debt service requirements to maturity for the District's capital leases payable at June 30, 2010.

Year ending June 30,	
2011	\$1,841,908
2012	1,684,452
2013	1,122,995
2014	608,256
2015	566,967
2016-2020	2,628,393
2021-2022	<u>1,051,357</u>
Total minimum lease payments	9,504,328
Less amount representing interest	<u>1,592,018</u>
Present value of net minimum lease payments	<u>\$7,912,310</u>

Note 7 - Risk Management

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

In addition, the District purchases health care insurance from the Yavapai Combined Trust, a public entity risk pool formed to provide health care benefits to employees of participating governmental units. The Trust is funded by irrevocable contributions from the District for employee coverage and from employees for dependent coverage. The District's contributions are reported as expenses in the financial statements. The Trust provides coverage for claims up to \$175,000 for each insured's health claims, not to exceed a maximum aggregate attachment point of \$23,376,611. 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, 2010. 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.

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2010**

Note 8 – Pension and Other Postemployment Benefits

Defined Benefit Plan

Plan Description - The District contributes to a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health care plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan, all of which are administered by the Arizona State Retirement System (the System). The System (through its Retirement Fund) provides retirement (i.e., pension), death, and survivor benefits; the Health Benefit Supplement Fund provides health insurance premium benefits (i.e., a monthly subsidy); and the Long-Term Disability Fund provides long-term disability benefits. Benefits are established by state statute. The System is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The System issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the Arizona State Retirement System, 3300 North Central Avenue, P.O. Box 33910, Phoenix, AZ 85067-3910 or by calling (602) 240-2000 or (800) 621-3778.

Funding Policy - The Arizona State Legislature establishes, and may amend active plan members' and the District's contribution rates. For the year ended June 30, 2010, active plan members were required by statute to contribute at the actuarially-determined rate of 9.4 percent (9.0 percent retirement and 0.4 percent long-term disability) of the members' annual covered payroll and the District was required by statute to contribute at the actuarially-determined rate of 9.4 percent (8.34 percent for retirement, 0.66 percent for health insurance premium, and 0.4 percent long-term disability) of the members' annual covered payroll.

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

Years ended June 30,	<u>Retirement Fund</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
2010	\$1,445,435	\$114,331	\$69,093
2009	1,398,864	168,140	86,846
2008	1,195,724	156,007	74,296

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

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2010**

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

Funding Policy - The Arizona State Legislature allows the District to establish contribution rates each year, not to exceed seven percent of the member's covered payroll. For the year ended June 30, 2010, the District contributed at the rate of 7.0 percent of the member's annual covered payroll. Employees contributed 9.0 percent of covered payroll. Contributions to these plans for the year ended June 30, 2010, were as follows:

<u>Plan</u>	<u>Contribution Rates District/Employee</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Total Contributions</u>
TIAA/CREF	7.0%/9.0%	\$251,199	\$322,970	\$574,169
ING	7.0%/9.0%	65,410	84,099	149,509
VALIC	7.0%/9.0%	46,881	60,276	107,157

Note 9 – Operating Expenses

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

Personal services	\$33,948,235
Contract services	3,106,085
Supplies and other services	3,003,461
Communications and utilities	2,205,226
Scholarships	6,880,339
Depreciation	4,667,983
Other	2,785,451
Total	<u>\$56,596,780</u>

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2010**

Note 10 – Contingent Liabilities

The District has one potential contingent liability as of June 30, 2010, and it relates to the administration of the Title IV Federal Student Aid program. The District began offering financial aid to students attending classes at the Career and Technical Education Center in the fall of 2007, however, the U.S. Department of Education (Department) was not notified of this new location until October 2009. During this time period the District disbursed \$372,000 in Title IV monies which it may be required to pay back. The District is awaiting a final determination from the Department and has not accrued a liability. The District understands that the Department currently has many similar cases outstanding and that the financial impact to some of those schools, if full repayment was required, would be detrimental to their operations. While the District is potentially liable for the full \$372,000 plus interest and penalties, management believes that the final amount will be significantly less.

Note 11 – Discretely Presented Component Unit Disclosure

A. Nature of Activities and Significant Accounting Policies

Nature of Activities

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

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

The bylaws of the Foundation allow for the creation of auxiliaries when a group of people demonstrate a need, provide the organization, and desire to support the Foundation mission in a particular area of interest. The Foundation has three auxiliaries: Friends of Yavapai College Art (Friends of Art), The Roughrider Club (RRC) and, new in 2010, Friends of Yavapai College Music (Friends of Music).

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

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2010**

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

The purpose of Friends of Music is to support Yavapai College music programs and students, including student scholarships, instrumental and choral needs. Friends of Music raises money through donations, memberships, and fundraising events.

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

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

Financial Statement Presentation

The financial statements are prepared on the accrual basis of accounting. The Foundation is required to report net assets, revenues and expenses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor imposed stipulations that either expire by the passage of time or are fulfilled and removed by actions of the Foundation pursuant to those stipulations.

Permanently Restricted Net Assets – Net assets subject to donor imposed stipulations that must be maintained permanently by the Foundation. Generally, the donors permit the Foundation to expend part or all of the income earned on these assets for general or specific purposes.

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2010**

affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value Measurements

The Foundation reports all financial instruments on a fair value basis according to a framework for measuring fair value under generally accepted accounting principles. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation performs a detailed analysis of its assets and liabilities and uses valuation techniques that maximize the use of observable, market corroborated inputs (level 1) and minimizes the use of unobservable inputs (level 3). Financial assets and liabilities recorded at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes.

Level 2 – Inputs for assets and liabilities traded in less active dealer or broker markets. Valuations may be obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Unobservable inputs derived from other valuation methodologies, including discounted cash flows or similar techniques. They are not based on market exchange, dealer or broker traded transactions and will incorporate assumptions and projections to determine the fair value assigned to such assets and liabilities.

At June 30, 2010, the Foundation held no Level 2 or 3 investments.

Endowments

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

**YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
(YAVAPAI COLLEGE)
Notes to Financial Statements
June 30, 2010**

B. Investments

The economic market in the United States experienced a major downturn in the fall of 2008. In January 2009, the Foundation realized \$1,833,982 in losses from sales of investments deemed underperforming by its investment advisor, Contango Capital Advisors, Inc. In 2010, the financial markets made a modest recovery, and the Foundation's investments increased in value as follows:

	<u>Amount</u>
Balance by investment	
Contango Capital Advisors pooled investments	\$ 7,011,234
Arizona Community Foundation	58,354
Total	<u>\$ 7,069,588</u>
Balance by restriction	
Permanently restricted	\$ 5,704,290
Temporarily restricted	1,068,592
Unrestricted	296,706
Total	<u>\$ 7,069,588</u>

The fair values of investments measured on a recurring basis at June 30, 2010, are as follows:

	Quoted Prices In Active Markets For Identical Assets	
	<u>Fair Value</u>	<u>(Level 1)</u>
Equities	\$ 1,497,190	\$ 1,497,190
Bonds	3,361,121	3,361,121
Mutual Funds	2,037,247	2,037,247
Core Account	174,030	174,030
Total	<u>\$ 7,069,588</u>	<u>\$ 7,069,588</u>

Investment advisor fees paid for the year ending June 30, 2010, were \$46,204.

C. Temporarily Restricted Net Assets

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

	<u>Amount</u>
Community Events Program	\$ 591,431
Scholarships	162,475
PACE	62,717
LeGate Chair (Nursing)	79,169
NAV & HLC Donation	320,000
Gifts to College & other activities	179,821
	<u>\$ 1,395,613</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.

<u>Contents</u>	<u>Page</u>
Financial Trends	46
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	49
These schedules contain trend information to help the reader assess the District's most significant local revenue source, the property tax.	
Debt Capacity	55
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.	
Demographic and Economic Information	61
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Information	66
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 Nine Fiscal Years

	2009/10	2008/09	2007/08	2006/07	2005/06 (2)	2004/05 (1)	2003/04	2002/03	2001/02
Invested in capital assets, net of related debt	\$47,354,377	\$44,715,778	\$40,432,861	\$33,700,448	\$30,615,411	\$26,666,133	\$25,726,907	\$22,543,558	\$17,826,836
Restricted - expendable	1,463,530	1,332,000	1,171,953	1,493,545	1,193,320	3,417,689	2,621,323	1,792,072	2,039,017
Restricted - nonexpendable	608,637	617,676	559,175	553,992	554,901	542,806	556,339	582,022	622,759
Unrestricted	15,862,969	11,571,245	9,529,847	6,863,655	5,728,035	3,935,874	2,600,345	2,025,154	1,624,642
Total net assets	\$65,289,513	\$58,236,699	\$51,693,836	\$42,611,640	\$38,091,667	\$34,562,502	\$31,504,914	\$26,942,806	\$22,113,254

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

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

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

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

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

	2009/10 (1)	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02
Operating expenses:									
Educational and general:									
Instruction	\$ 18,706,094	\$ 17,525,630	\$ 16,216,739	\$ 15,175,652	\$ 14,063,388	\$ 13,501,501	\$ 12,118,617	\$ 11,642,200	\$ 11,601,616
Public service	422,084	445,716	482,123	469,694	427,283	536,325	645,631	529,506	536,281
Academic support	5,305,978	3,877,549	3,550,891	3,431,924	3,360,252	3,745,522	3,122,713	3,256,483	3,108,890
Student services	4,488,132	4,423,646	4,423,089	3,799,884	3,632,561	3,553,447	2,439,897	3,506,706	3,336,776
Institutional support	8,040,029	10,472,894	9,680,826	9,007,831	8,413,195	8,241,986	6,603,761	7,792,981	7,470,555
Operation and maintenance of plant	4,929,835	5,241,506	5,699,368	6,054,495	6,678,206	7,791,233	8,822,310	3,794,370	4,180,510
Scholarships	6,880,339	3,244,248	2,385,237	2,142,681	2,235,781	2,420,745	2,024,227	2,047,934	1,618,905
Auxiliary enterprises	3,156,306	3,149,945	4,087,342	5,735,654	5,928,988	4,755,382	5,709,627	5,593,274	6,253,473
Depreciation	4,667,983	4,251,835	4,009,537	3,524,995	2,648,059	2,073,464	1,715,650	1,602,905	1,499,182
Total operating expenses	56,596,780	52,632,969	50,535,152	49,342,810	47,387,713	46,619,605	43,202,413	39,766,359	39,606,188
Operating revenues:									
Tuition and fees pledged as security for revenue bonds	6,853,199	5,395,124	6,402,070	7,063,707	6,543,317	5,920,182	5,815,139	5,092,023	5,743,255
Bookstore sales	105,060	127,093	127,202	122,752	109,525	112,407	152,844	122,549	111,627
Food service sales pledged as security for revenue bonds	33,454	189,630	196,719	185,637	256,930	270,131	394,890	410,905	431,637
Dormitory rentals pledged as security for revenue bonds	615,223	311,967	308,994	253,497	289,668	262,246	323,650	317,225	326,812
Other	865,619	802,981	883,519	969,866	1,343,169	1,251,091	1,428,657	1,447,689	1,400,640
Total operating revenues	8,472,555	6,826,795	7,918,504	8,595,459	8,542,609	7,816,057	8,115,180	7,390,391	8,013,971
Operating loss	(48,124,225)	(45,806,174)	(42,616,648)	(40,747,351)	(38,845,104)	(38,803,548)	(35,087,233)	(32,375,968)	(31,592,217)
Nonoperating revenues (expenses):									
Property taxes	41,853,443	40,242,345	38,126,821	35,439,097	33,086,999	31,369,540	28,782,021	27,659,035	25,163,069
Government grants and contracts	9,945,752	7,764,046	5,567,413	4,965,960	4,705,133	4,967,630	5,677,475	5,121,854	4,262,416
State appropriations	4,196,000	4,523,974	4,820,400	4,738,700	4,738,700	4,724,400	4,589,100	4,589,100	4,895,200
Share of state sales taxes	525,705	575,637	645,345	661,207	527,127	505,338	483,665	457,449	409,676
Private gifts	691,196	368,773	1,036,345	258,992	358,063	297,474	251,758	71,519	31,900
Investment earnings	85,984	327,532	726,726	958,016	817,166	399,527	498,605	128,400	682,068
Interest expense on debt	(2,442,999)	(2,554,248)	(2,726,727)	(2,475,647)	(2,539,812)	(1,676,842)	(1,712,315)	(1,394,172)	(1,501,070)
Gain (loss) on disposal of capital assets	3,590	1,035,796	-	(2,911)	(6,007)	-	-	4,935	5,771
Total nonoperating revenues	54,858,671	52,283,855	48,196,323	44,543,414	41,687,369	40,587,067	38,570,309	36,638,120	33,949,030
Income before other revenues, expenses, gains or losses	6,734,446	6,477,681	5,579,675	3,796,063	2,842,265	1,783,519	3,483,076	4,262,152	2,356,813
Capital appropriations	-	-	703,900	678,500	686,900	683,800	567,400	567,400	605,900
Capital grants and gifts	318,368	65,182	2,798,621	45,410	-	-	28,977	-	5,867
Increase in net assets	\$ 7,052,814	\$ 6,542,863	\$ 9,082,196	\$ 4,519,973	\$ 3,529,165	\$ 2,467,319	\$ 4,079,453	\$ 4,829,552	\$ 2,968,580

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

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

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)
2000/01	\$ 24,653,913	\$ 26,257,047	\$ (1,603,134)
2001/02	26,177,568	27,410,674	(1,233,106)
2002/03	28,336,441	29,965,000	(1,628,559)
2003/04	30,888,344	29,769,557	1,118,787
2004/05	31,084,322	30,936,096	148,226
2005/06	29,756,503	29,756,502	1
2006/07	31,866,200	31,866,199	1
2007/08	35,640,999	35,640,998	1
2008/09	37,614,068	37,614,067	1
2009/10	40,285,827	40,285,826	1

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

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

Note 2: Budgeted expenditures are net of allowable exclusions.

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

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

Fiscal Year	(1) Total Tax Levy	(2) Current Tax Collection	Percent of Current Tax Collections to Total Tax Levy	(2) Delinquent Tax Collections	(2) Total Tax Collections	Percent of Total Tax Collections to Total Current Tax Levy
2000/01	\$ 16,596,181	\$ 15,792,827	95.16%	\$ 690,636	\$ 16,483,463	99.32%
2001/02	25,228,424	23,985,546	95.07%	895,273	24,880,819	98.62%
2002/03	27,716,262	26,566,640	95.85%	1,019,845	27,586,485	99.53%
2003/04	28,748,709	27,766,489	96.58%	1,039,416	28,805,905	100.20%
2004/05	31,323,257	30,320,499	96.80%	1,071,005	31,391,504	100.22%
2005/06	33,058,979	32,138,159	97.21%	1,028,578	33,166,737	100.33%
2006/07	35,442,857	34,480,667	97.29%	825,402	35,306,069	99.61%
2007/08	38,171,659	36,874,670	96.60%	906,470	37,781,140	98.98%
2008/09	40,572,257	38,855,855	95.77%	1,171,302	40,027,157	98.66%
2009/10	42,031,687	40,105,227	95.42%	1,543,890	41,649,116	99.09%

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

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

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

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

Fiscal Year	Primary Assessed Value				Total Direct Tax Rate (1)	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
	Residential and Vacant Property	Commercial Property	Unattached Personal Property	Total Taxable Assessed Value			
2000/01	\$ 803,609,838	\$ 333,585,285	\$ 44,105,956	\$ 1,181,301,079	1.6205	\$ 9,312,109,194	12.69%
2001/02	879,814,468	357,398,601	43,737,336	1,280,950,405	1.9488	10,130,049,480	12.65%
2002/03	964,199,901	380,263,729	43,628,890	1,388,092,520	1.9789	11,032,555,067	12.58%
2003/04	1,055,971,160	415,043,260	45,792,997	1,516,807,417	1.8778	12,071,754,471	12.56%
2004/05	1,178,680,548	452,777,214	44,571,778	1,676,029,540	1.8514	13,416,406,081	12.49%
2005/06	1,322,060,791	506,417,682	49,368,952	1,877,847,425	1.7514	15,045,533,581	12.48%
2006/07	1,511,362,543	566,635,332	47,712,332	2,125,710,207	1.6573	17,098,083,909	12.43%
2007/08	1,754,125,017	664,163,807	51,977,047	2,470,265,871	1.5225	20,111,624,109	12.28%
2008/09	2,094,798,703	803,911,861	55,888,168	2,954,598,732	1.3394	23,973,791,761	12.32%
2009/10	2,373,124,327	841,667,070	59,286,950	3,274,078,347	1.6321	26,993,826,530	12.13%

Source: Yavapai County Assessor's Office.

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

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

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

Fiscal Year	Yavapai College	Yavapai County	Cities/Towns and Special Districts		School Districts	
			From	To	From	To
2000/01	1.5330(p)	2.1283(p)	.2906(p)	1.6280(p)	1.2996(p)	7.0338(p)
	.0875(s)	.4354(s)	.1475(s)	4.0624(s)	.2810(s)	2.1201(s)
2001/02	1.5325(p)	2.1040(p)	.2627(p)	1.5235(p)	.9900(p)	7.8089(p)
	.4163(s)	.4286(s)	.1482(s)	3.8269(s)	.3658(s)	2.2354(s)
2002/03	1.5835(p)	2.0961(p)	.2522(p)	1.1617(p)	2.1632(p)	6.6490(p)
	.3954(s)	.4297(s)	.4707(s)	.4707(s)	.7546(s)	2.0801(s)
2003/04	1.5672(p)	2.1525(p)	.2415(p)	1.2461(p)	.4839(p)	8.2795(p)
	.3106(s)	.4307(s)	.3235(s)	3.3000(s)	.2947(s)	2.5992(s)
2004/05	1.5626(p)	2.1568(p)	.2383(p)	1.1904(p)	1.2362(p)	8.2761(p)
	.2888(s)	.4069(s)	.2118(s)	3.3000(s)	.2857(s)	2.3333(s)
2005/06	1.4900(p)	1.7008(p)	.2245(p)	1.1134(p)	1.7992(p)	10.4246(p)
	.2614(s)	.4034(s)	.1894(s)	3.4285(s)	.2687(s)	1.9800(s)
2006/07	1.4308(p)	1.6552(p)	.2182(p)	1.1281(p)	1.7979(p)	9.4606(p)
	.2265(s)	.3898(s)	.2523(s)	3.4491(s)	.2353(s)	1.9165(s)
2007/08	1.3397(p)	1.5292(p)	.1991(p)	.8977(p)	1.3621(p)	9.4004(p)
	.1828(s)	.3568(s)	.2130(s)	3.4108(s)	.2148(s)	1.4726(s)
2008/09	1.1989(p)	1.3683(p)	.1839(p)	.7600(p)	1.2310(p)	8.4913(p)
	.1405(s)	.3465(s)	.0711(s)	3.2500(s)	.0504(s)	.9388(s)
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)

(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
2000/01	\$ 1,181,301,079	1.5330	\$ 18,109,635	\$ 1,247,635,912	.0875	\$ 1,091,840
2001/02	1,280,950,405	1.5325	19,630,398	1,344,616,822	.4163	5,598,026
2002/03	1,388,092,520	1.5835	21,980,482	1,450,497,580	.3954	5,735,780
2003/04	1,516,807,417	1.5672	23,771,406	1,602,480,129	.3106	4,977,303
2004/05	1,676,029,540	1.5626	26,189,638	1,785,174,684	.2888	5,155,584
2005/06	1,877,847,425	1.4900	27,979,927	2,020,575,209	.2614	5,281,784
2006/07	2,125,710,207	1.4308	30,414,662	2,302,712,940	.2265	5,215,645
2007/08	2,470,265,871	1.3397	33,094,152	2,853,059,731	.1828	5,215,393
2008/09	2,954,598,732	1.1989	35,422,684	3,746,625,208	.1405	5,264,008
2009/10	3,274,078,347	1.1250	36,833,381	3,824,935,514	.1367	5,228,687

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

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

Taxpayer	2009 Primary Assessed Valuation	Rank	Percent of Yavapai County's 2009/10 Primary Assessed Valuation	2000 Primary Assessed Valuation (1)	Rank	Percent of Yavapai County's 2000/01 Primary Assessed Valuation
Phelps Dodge Bagdad Copper Company	\$ 186,116,044	1	5.68%	\$ 23,501,624	2	1.99%
Arizona Public Service	82,212,248	2	2.51%	52,072,007	1	4.41%
Salt River Pima-Maricopa Indian Community	28,778,350	3	0.88%	-	-	-
Qwest	16,361,100	4	0.50%	16,111,754	3	1.36%
Unisource Energy Corporation	14,532,512	5	0.44%	11,007,201	4	0.93%
Transwestern Pipeline Company	11,458,739	6	0.35%	7,805,879	6	0.66%
El Paso Natural Gas Company	10,039,079	7	0.31%	7,284,494	7	0.62%
TWC II - Prescott Mall LLC	8,883,966	8	0.27%	-	-	-
Burlington Northern Santa Fe Railroad	7,907,860	9	0.24%	8,334,330	5	0.71%
Prescott Valley Signature Ent LLC	5,675,600	10	0.17%	-	-	-
ACE Hardware	-	-	-	3,601,638	8	0.30%
R & W Arizona Properties (Walmart Stores)	-	-	-	2,560,488	9	0.22%
Printpak Inc.	-	-	-	2,278,087	10	0.19%
Total Top Ten	<u>\$ 371,965,498</u>		<u>11.35%</u>	<u>\$ 134,557,502</u>		<u>11.39%</u>

Source: Yavapai County Assessor.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
TUITION SCHEDULE
Last Ten Fiscal Years

Fiscal Year	Annual Tuition Rates (1)	Tuition per Credit Hour
2000/01	\$ 930	\$ 31
2001/02	930	31
2002/03	930	31
2003/04	1,140	38
2004/05	1,140	38
2005/06	1,320	44
2006/07	1,350	45
2007/08	1,470	49
2008/09	1,560	52
2009/10	1,740	58

Source: District records.

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

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

Fiscal Year	General Obligation Bonds	Revenue Bonds	Pledged Revenue Obligations	Capital Lease Obligations	Total Outstanding Debt	Percentage of personal Income (1)	Per Capita (1)
2000/01	\$ 7,363,705	\$ 1,930,000	\$ 4,110,000	\$ 443,671	\$ 13,847,376	0.36%	\$ 80
2001/02	28,161,225	1,815,000	-	314,631	30,290,856	0.76%	169
2002/03	23,865,000	1,690,000	-	153,344	25,708,344	0.61%	139
2003/04	45,680,000	1,560,000	-	320,864	47,560,864	1.02%	249
2004/05	61,725,000	1,425,000	-	826,824	63,976,824	1.21%	322
2005/06	59,235,000	1,280,000	-	2,148,280	62,663,280	1.08%	306
2006/07	56,425,000	1,125,000	-	8,089,092	65,639,092	1.03%	308
2007/08	53,510,000	965,000	-	10,952,114	65,427,114	1.01%	297
2008/09	50,470,000	795,000	-	9,140,549	60,405,549	0.89%	266
2009/10	47,310,000	615,000	-	7,912,310	55,837,310	0.78%	238

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

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

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

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Secondary Assessed Value	\$ 1,247,635,912	\$ 1,344,616,822	\$ 1,450,497,580	\$ 1,602,480,129	\$ 1,783,988,336	\$ 2,020,575,209	\$ 2,302,712,940	\$ 2,853,059,731	\$ 3,746,625,208	\$ 3,824,935,514
Legal Debt Margin										
Debt limit - 15% of secondary assessed value	187,145,387	201,692,523	217,574,637	240,372,019	267,598,250	303,086,281	345,406,941	427,958,960	561,993,781	573,740,327
Amount of debt applicable to debt limit:										
General obligation bonded debt	(7,363,705)	(28,161,225)	(23,865,000)	(45,680,000)	(61,725,000)	(59,235,000)	(56,425,000)	(53,510,000)	(50,470,000)	(47,310,000)
Legal debt margin	\$ 179,781,682	\$ 173,531,298	\$ 193,709,637	\$ 194,692,019	\$ 205,873,250	\$ 243,851,281	\$ 288,981,941	\$ 374,448,960	\$ 511,523,781	\$ 526,430,327
Total general obligation bonded debt as a percentage of legal debt limit	3.93%	13.96%	10.97%	19.00%	23.07%	19.54%	16.34%	12.50%	8.98%	8.25%

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
2000/01	173,703	\$1,247,635,912	\$ 7,363,705	\$ 451,270	\$ 6,912,435	0.55%	\$ 39.79
2001/02	179,071	1,344,616,822	28,161,225	454,103	27,707,122	2.06%	154.73
2002/03	184,464	1,450,497,580	23,865,000	466,245	23,398,755	1.61%	126.85
2003/04	190,737	1,602,480,129	45,680,000	442,460	45,237,540	2.82%	237.17
2004/05	196,760	1,785,174,684	61,725,000	443,359	61,281,641	3.43%	311.45
2005/06	205,105	2,020,575,209	59,235,000	583,290	58,651,710	2.90%	285.96
2006/07	213,285	2,302,712,940	56,425,000	664,470	55,760,530	2.42%	261.44
2007/08	220,170	2,853,059,731	53,510,000	907,674	52,602,326	1.84%	238.92
2008/09	227,468	3,746,625,208	50,470,000	929,506	49,540,494	1.32%	217.79
2009/10	234,626	3,824,935,514	47,310,000	948,903	46,361,097	1.21%	197.60

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

Fiscal Year	Principal	Interest	Total Debt Service	Total Operating Expenses/ Expenditures (1)	Percentage of Debt Service to Operating Expenses/ Expenditures
2000/01	\$ 715,000	\$ 370,680	\$ 1,085,680	\$ 34,937,931	3.11%
2001/02	4,255,000	1,373,823	5,628,823	39,606,188	14.21%
2002/03	4,296,225	1,394,172	5,690,397	39,766,359	14.31%
2003/04	3,185,000	2,015,630	5,200,630	43,202,413	12.04%
2004/05	3,455,000	1,809,834	5,264,834	46,619,605	11.29%
2005/06	2,490,000	2,697,539	5,187,539	47,387,713	10.95%
2006/07	2,810,000	2,404,983	5,214,983	49,342,810	10.57%
2007/08	2,915,000	2,299,651	5,214,651	50,535,152	10.32%
2008/09	3,040,000	2,187,883	5,227,883	52,632,969	9.93%
2009/10	3,160,000	2,067,833	5,227,833	56,596,780	9.24%

Source: District records.

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

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
 COMPUTATION OF DIRECT and OVERLAPPING DEBT
 GENERAL OBLIGATION BONDS
 June 30, 2010

Jurisdiction	Debt Outstanding
<u>Direct Debt:</u>	
Yavapai County Community College District	\$ 47,310,000
Total direct debt	47,310,000
<u>Overlapping Debt(1):</u>	
School Districts	152,685,000
City of Prescott	4,950,000
Jail District	3,510,000
Total overlapping debt	161,145,000
Total direct and overlapping debt	\$ 208,455,000

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

Note 1: Excludes improvement districts.

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

Fiscal Year	Pledged Revenues (1)	Debt Service Requirements (2)		Total	Coverage
		Principal	Interest		
2000/01	\$ 9,418,594	\$ 110,000	\$ 115,135	\$ 225,135	41.84
2001/02	8,686,966	115,000	109,227	224,227	38.74
2002/03	7,595,245	125,000	102,805	227,805	33.34
2003/04	8,133,022	130,000	95,822	225,822	36.02
2004/05	7,963,710	135,000	88,401	223,401	35.65
2005/06	8,942,844	145,000	80,418	225,418	39.67
2006/07	9,137,014	155,000	71,755	226,755	40.29
2007/08	8,092,973	160,000	62,580	222,580	36.36
2008/09	7,025,586	170,000	52,800	222,800	31.53
2009/10	8,521,468	180,000	42,300	222,300	38.33

Source: District records.

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

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

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
 ECONOMIC INDICATORS for YAVAPAI COUNTY
 June 30, 2010

Employment by Sector	Employees
Mining and Construction	5,300
Education and Health Services	10,500
Financial Activities	1,900
Government	11,300
Leisure and Hospitality	7,200
Manufacturing	2,700
Professional and Business Services	3,600
Trade, Transportation and Utilities	11,700
Information	500

Employment by Occupation	Percent of Total
Office & Administrative Support	22.2%
Food Preparation & Serving Related	14.9%
Sales & Related	14.1%
Construction & Extraction	10.1%
Education, Training & Library	9.4%
Healthcare Practitioners & Technical	8.9%
Transportation & Material Moving	7.9%
Management	6.6%
Protective Services	5.8%

Unemployment Rate	10.0%
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Labor Force	100,000
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Source: Arizona Department of Commerce and United States Department of Labor.

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

Major Employers	FY 2009/10			FY 2000/2001		
	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
Yavapai Regional Medical Center	1,739	1	1.74%	730	3	1.10%
Yavapai County	1,465	2	1.47%	1,213	1	1.83%
Verde Valley Medical Center	900	3	0.90%	351	9	0.53%
Veterans Medical Center	820	4	0.82%	550	5	0.83%
Cyprus Bagdad Copper Mine	790	5	0.79%	535	6	0.81%
Prescott Unified School District	770	6	0.77%	573	4	0.87%
Yavapai College	703	7	0.70%	468	7	0.71%
Wal-Mart	640	8	0.64%	-	-	
City of Prescott	493	9	0.49%	385	8	0.58%
State of Arizona	438	10	0.44%	330	10	0.50%
Sturm Ruger & Company	-	-	-	1,176	2	1.78%
Total	8,758		8.76%	6,311		9.54%

Source: City of Prescott and District records.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
 MISCELLANEOUS STATISTICS
 June 30, 2010

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

Population	1990	2000	2010
Yavapai County	107,714	167,517	234,626
State of Arizona	3,665,228	5,130,632	6,812,137

Age Distribution*	% of Total
0-14	16.6%
15-24	11.7%
25-44	22.6%
45-64	26.6%
65+	22.5%

Population Composition *	% of Total
<u>RACE</u>	
White	82.1%
Hispanic	11.1%
African American	0.7%
Native American	1.6%
Asian or Pacific Islander	0.8%
Other	3.7%
TOTAL	100.0%

* Population composition is based on 2000 census - estimated for 2010.

Source: US Census Bureau and Arizona Department of
Economic Security.

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

Fiscal Year	Population	Personal Income (amounts expressed in thousands)	Per Capita Personal Income (1)
2000/01	173,726	\$ 3,814,567	\$ 21,957
2001/02	179,095	3,986,381	22,258
2002/03	184,346	4,211,111	22,843
2003/04	190,685	4,681,089	24,549
2004/05	198,841	5,278,913	26,548
2005/06	205,105	5,816,637	28,359
2006/07	213,285	6,345,305	29,750
2007/08	220,170	6,450,243	29,297
2008/09	227,468	6,786,814	29,836
2009/10	234,626	7,123,386	30,361

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

Note 1: Personal Income and Per Capita Personal Income were not available
 for fiscal years 2008/09 and 2009/10. Amounts were estimated based
 upon the prior 10 year average increase.

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
2000/01	16.6%	83.4%	36.8%	63.2%	89.4%	5.8%	4.2%	0.6%
2001/02	17.3%	82.7%	36.6%	63.4%	88.8%	5.5%	5.0%	0.7%
2002/03	18.0%	82.0%	37.3%	62.7%	88.1%	5.6%	5.8%	0.5%
2003/04	18.0%	82.0%	37.1%	62.9%	88.6%	5.4%	5.5%	0.5%
2004/05	19.0%	81.0%	38.2%	61.8%	84.7%	5.1%	9.8%	0.4%
2005/06	17.8%	82.2%	38.1%	61.9%	82.5%	4.5%	12.6%	0.4%
2006/07	15.3%	84.7%	38.9%	61.1%	82.9%	4.2%	12.5%	0.4%
2007/08	16.3%	83.7%	39.0%	61.0%	90.2%	4.3%	5.0%	0.5%
2008/09	17.7%	82.3%	40.0%	59.8%	82.4%	4.4%	12.8%	0.4%
2009/10	23.2%	76.8%	40.7%	59.3%	90.4%	4.9%	4.7%	0.0%

Fiscal Year	Degrees Awarded	Certificates Awarded
2000/01	234	98
2001/02	252	149
2002/03	276	145
2003/04	288	169
2004/05	304	161
2005/06	340	210
2006/07	344	183
2007/08	404	307
2008/09	423	399
2009/10	458	594

Fiscal Year	Age		Ethnic Background					
	Median	Mean	American Indian	Asian American	Hispanic	African American	White	Other/Unknown
2000/01	40	38	2.1%	1.0%	5.0%	0.6%	80.7%	10.6%
2001/02	38	40	1.9%	1.0%	5.2%	0.5%	81.0%	10.4%
2002/03	37	39	2.4%	1.0%	5.0%	0.9%	79.0%	11.7%
2003/04	36	39	2.9%	1.0%	5.3%	0.8%	77.8%	12.2%
2004/05	35	39	3.1%	1.0%	5.4%	0.9%	77.6%	12.0%
2005/06	35	39	2.7%	1.0%	5.9%	0.8%	76.2%	13.4%
2006/07	36	39	2.5%	1.2%	6.6%	0.8%	74.4%	14.5%
2007/08	31	37	2.5%	1.5%	6.9%	1.1%	81.7%	6.3%
2008/09	30	36	3.0%	1.4%	8.2%	1.0%	80.4%	6.0%
2009/10	30	36	2.2%	1.2%	6.5%	0.9%	76.5%	12.7%

Source: District records.

YAVAPAI COUNTY COMMUNITY COLLEGE DISTRICT
 HISTORIC ENROLLMENT
 Last Ten Fiscal Years

	2009/10	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02	2000/01
Headcount	13,493	14,139	15,582	16,312	15,936	13,398	14,463	14,212	14,426	13,838

FTSE by Campus	2009/10	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02	2000/01
Prescott	2,397	2,398	2,208	2,141	1,954	1,882	1,962	2,047	1,944	1,800
Verde	652	714	694	701	692	624	549	551	537	559
Sedona	90	102	110	135	129	125	136	123	112	97
Prescott Valley	266	371	335	364	269	290	273	220	214	171
Chino Valley	108	138	142	133	127	121	109	80	77	67
Elderhostel (1)	-	-	-	72	112	95	146	136	169	166
CTEC (2)	138	137	111	-	-	-	-	-	-	-
Other (3)	269	25	90	71	69	94	96	99	57	76
Total District	3,920	3,885	3,690	3,617	3,352	3,231	3,271	3,256	3,110	2,936

Source: District records.

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

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

Note 3: Other primarily includes courses held at non-campus locations. Online courses are credited to the campus that originated them.

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

	2009/10	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02	2000/01
Faculty										
Regular	104	104	101	102	97	97	92	95	93	87
Adjunct	448	476	523	474	330	342	368	572	572	547
Staff										
Regular	334	329	318	317	284	307	318	288	289	258
Temporary (1)	160	182	180	177	188	198	230	224	200	147

Source: District records.

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

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

Asset Type	2009/10	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02
Computers and Peripherals	\$ 1,316,755	\$ 1,225,045	\$ 1,452,005	\$ 1,161,346	\$ 1,173,513	\$ 979,865	\$ 885,220	\$ 742,745	\$ 946,837
Network Equipment	1,056,006	754,356	1,127,448	1,118,033	1,155,303	1,144,747	1,193,463	1,153,467	1,015,399
Audio Visual Equipment	396,971	175,567	480,767	481,299	506,007	541,896	541,896	561,457	487,272
Office Equipment & Furniture	3,680,274	3,773,461	3,652,534	2,876,657	2,638,552	2,333,641	2,061,568	1,618,196	1,525,271
Software	2,022,682	1,918,654	1,286,076	-	-	-	-	-	-
Vehicles	1,224,785	1,182,290	1,214,607	1,136,409	1,094,994	1,089,436	1,064,419	1,011,240	855,814
Intangibles	273,587	-	-	-	-	-	-	-	-
Library Books	3,055,742	2,981,169	2,916,756	2,762,515	2,647,200	2,528,669	2,473,365	2,347,696	2,259,848
Buildings	102,836,523	98,435,112	98,123,350	93,591,763	78,882,085	64,944,116	44,835,295	33,948,681	33,293,833
Construction in Progress	613,644	2,927,638	834,346	12,239	7,779,699	18,097,827	21,560,868	10,288,928	-
Site Improvements	15,630,928	14,981,222	14,607,058	14,231,150	12,710,508	4,729,052	4,605,295	4,025,390	4,025,390
Land	5,015,889	5,015,889	3,597,041	1,975,535	1,975,535	1,975,535	1,975,535	1,975,536	964,383
	\$ 137,123,786	\$ 133,370,403	\$ 129,291,988	\$ 119,346,946	\$ 110,563,396	\$ 98,364,784	\$ 81,196,924	\$ 57,673,336	\$ 45,374,047

Source: District records.

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